





## OVERSEAS NEWS

## Gierek flies home to face spreading Gdansk strikes

WARSAW — Poland's Communist leader Mr. Edward Gierek yesterday flew home from a three-week holiday by the Black Sea to face the surge of labour unrest sweeping the country.

It was not clear whether he had cut short his stay in the Soviet Union to take personal command of the situation but officials appeared hopeful that he would be able to find a formula to restore labour peace.

The Polish strikes and demands for free trade unions have sent shock waves through Eastern Europe and the situation is being carefully monitored. The Kremlin is believed to be reluctant to intervene and appear to be backing the Polish leaders in making concessions to the strikers.

Mr. Gierek conferred with Mr. Leonid Brezhnev, the Soviet President, while on holiday, and

it is believed that he continues to enjoy the Kremlin's full confidence.

Soviet officials apparently believe that the unrest has mushroomed because of over ambitious industrial policies in Poland and because of Warsaw's \$20bn debt to Western countries, a major strain on the country's tight economy.

The 48-day strike wave, sparked by increases in meat prices, has involved thousands of disgruntled workers in about 150 separate stoppages throughout the country.

Yesterday the strike of 14,000 workers at the Lenin shipyard in the Baltic port of Gdansk was spreading, and officials in the city said tram and taxi drivers had also stopped work.

The spreading of the unrest to Gdansk is seen as significant because the port was a flash-point for riots which topped a

previous Communist leadership ten years ago.

The striking shipyard workers yesterday demanded to see Mr. Edward Babich, the Prime Minister, or other high-ranking officials to discuss their request for the establishment of a free trade union.

Warsaw's state-controlled newspapers appealed yesterday for striking workers to return to their jobs and end the wave of unrest.

The official Communist Party daily, Trybuna Ludu, in a front-page commentary, said the regime did not "exclude discussion on the existing situation even in a sharp dispute."

"Non-working plants which don't produce anything are not an answer to our situation," the newspaper said. "We have to care, all of us, for discipline and calm, for order." Agencies.

## Zimbabwe considers prosecution of Walls

By Our Salisbury Correspondent

THE GOVERNMENT of Mr. Robert Mugabe is considering prosecution "or other administrative action" against General Peter Walls, who until the end of July was head of Zimbabwe's joint military command. This was announced in a special statement before the start of normal parliamentary business in the House of Assembly here yesterday and was greeted with roars of approval by government backbenchers.

Mr. Nathan Shamuyarira, Information Minister, accused the General of causing "in calculable harm" to Mr. Mugabe's "reconciliation" programme. In television interviews in Britain and South Africa this week, General Walls admitted that he had asked Mrs. Thatcher to annul the election results. He also warned that civil war in Zimbabwe was now a "distinct possibility."

Dr. Shamuyarira was loudly applauded by his own party when he said that whites who could not accept the new order should "quit".

The Minister was, however, accused of making "an inflammatory, mendacious and misleading" statement by Mr. Pieter van der Byl, the former Rhodesian Front Defence Minister, who accused the Government of trying to create a diversion and distract public attention from internal difficulties.

Dr. Shamuyarira claimed that the Government had documentary evidence to support the story published by a London newspaper this week that General Walls was implicated in planning a military coup, codenamed "Operation Quartz" which was due to take effect the day on which the election results that swept Mr. Mugabe to power last March, were announced.

## Japan current account deficit widens in July

By Richard C. Hanson in Tokyo

HOLDERS of yen can draw little comfort from the latest current account figures, released yesterday by the Finance Ministry, particularly since the Government is reported to be near a decision on lowering interest rates to bolster the domestic economy.

The July current account deficit, adjusted for seasonal factors, widened to \$1.5bn from an adjusted \$1.34bn in June. Before seasonal adjustment, the current account deficit stood at \$960m, compared with \$929m in June, despite the second month in a row of small unadjusted merchandise trade surpluses.

July, traditionally a strong export month, saw exports gain 29 per cent from last year—the eighth month of double-figure expansion. Imports, however, were up by 39 per cent. Japan paid \$4.8bn for crude oil last month, 78 per cent more than a year ago, accounting for 37.3 per cent of all imports.

On the positive side (which the Government tries to emphasise), the overall balance of payments, before adjustment, returned to surplus for the first time since February 1978. The July overall surplus was \$320m, but this still leaves the January-July deficit at \$10.9bn, \$2.5bn more than the corresponding period of the previous year. The surplus is the result partly of continued large net inflows of foreign investment into securities. Net investment has been increasing since April.

The prospects of continued current account deficits as a result of oil imports have made some in the Central Bank reluctant to tamper with the official discount rate, at a record level of 9 per cent.

But reports this week have indicated that a decision to lower the rate by up to 1 per cent could be made as early as next week.

## More Iranians shot for plotting coup

By Patrick Cockburn in Tehran

ANOTHER 15 military officers, accused of involvement in the coup d'etat in July against the regime of Ayatollah Khomeini, were executed yesterday, bringing the total shot to 64.

Among those executed was Major Gen. Said Mehdiyun, briefly head of the air force just after the revolution. He was accused of leading the plot.

Mr. Yusef Khomeini, former head of the Central Bank, was also executed yesterday accused of corruption and assisting the U.S. in economic penetration of Iran.

Mr. Khoskish was governor from 1977 until the revolution in 1979. Born in 1906 and educated in Iran and Paris he had held a variety of top banking and financial jobs during his career.

Meanwhile, in one of the first public references by a leading political figure to the consequences of Mr. Ronald Reagan being elected U.S. President in November, President Abol Hassan Bani-Sadr warned yesterday that this would lead to further attacks on Iran which must be repelled.

Ian Hargreaves in Washington reports on plans to speed up America

## Republicans in the fast lane

"DRIVE AT 90 and watch a Yankee freeze in the dark" was one of America's more memorable bumper stickers of the grim mid-winter of 1979-80, when the hostages were cooped up in Iran and the Russian tanks were bearing down on Kabul.

The sticker, prominently displayed in certain southern states, was intended as a tongue-in-cheek response to a nationwide advertising campaign featuring the stern gaze of Ayatollah Khomeini and the message: "Drive at 55. Fight back."

There are no reliable reports on the campaign's effectiveness. But the whole question of the slowing of America has been cast back into the political arena. The Republican Party's election policies include a proposal to scrap the national 55-mile-an-hour speed limit and once more allow states to set their own standards.

Nothing is so popular as a debate about speed limits, as recent experience in Britain and France shows, but the vastness and geographical diversity of the U.S. lends the debate a special regional acrimony.

By this is meant not so much the bumper sticker taunt against heating-oil-dependent northerners, but the fact that inhabitants of remote and thinly populated states like Montana and Wyoming can, and do, argue that what's fair and safe for Massachusetts or Washington DC may be unfair and irrelevant in states where motorists have to drive long distances on roads where you would not expect to meet a pedestrian or a penguin.

Heat is added to the debate, as is not unusual in this country, by the presence of another irresistible soap box issue: federal taxes and the way these are dished out back to the states.

The so-called revenue sharing, which has been used to fund laws in the last seven years is that if California does not persuade its motorists to stick to the 55-mile-an-hour limit in the last three months of this fiscal year, it will lose \$11m in federal funding for its roads programme.

This has come to pass as a result of a process which began with the oil crisis in 1973-74, when, as an emergency temporary measure, Congress instituted the 55-mile-an-hour limit. The result, aside from saving a few million barrels of



Trapped: a police car caught speeding on the Mississippi River Bridge.

imported oil, was the first significant drop in fatal motor accidents since the car was invented. In 1973, 54,952 people lost their lives on American roads. In 1974, the number was down to 45,196. The law was there to stay.

But enthusiastic legislators were not content with a limit. They decided to set up a carrot and stick for compliance, telling the states they would lose first 5 per cent then 10 per cent of their highway funds, if a certain percentage of compliance with the limit was not proved in each state.

That was not too much of a problem at first. The law was fresh and so were the oil wounds, and in any case the required level of compliance was not all that great. But this fiscal year, the required level of adherence is 40 per cent. Next year it will be 50 per cent, then 60 per cent in 1982, going up to 70 per cent in 1983 and

for the rest of time—unless the law is changed.

With counts in for the first three quarters of this year, California already looks \$11m out of pocket. In federally supervised radar checks, 67.3 per cent of the state's traffic was judged to be ignoring the speed limit. Other Western states, such as Wyoming and Montana, are also right on the borderline of infractions, with only three months left to get on the right side of the law.

Fuelled by these financial incentives to overturn the speed limit, proponents of the Republican position are finding other ammunition for their cause.

The accident statistics, alas, show that since 1975, when deaths totalled 44,525, the rate has started to climb again, reaching 50,800 last year. Although this is still well below the 1979 figure, especially considering that 20m more cars

have come on to America's roads in the interim, it is fodder for those who say the limit is not working.

As for fuel saving, everyone has to agree the effects have been marginal. Even the Department of Transport, which like most Departments of Transport is constantly looking for ways to curb accidents and which is therefore a natural backer of speed limits, says the limit is saving 3.5bn gallons of petrol a year, against consumption of 120bn gallons. But the department refuses to accept that compliance is uniformly deteriorating. Their statistics show that only 49 per cent of drivers on the interstate roads (like motorways) were four speeding in the first half of this year, compared with over 54 per cent last year.

Not surprisingly, compliance is best in the more populated states, with the prize going to Maryland, which had fewer than 29 per cent of speeders in the first nine months.

The Maryland police, whose territory extends into covering the fiercest race track in the U.S., the New Jersey Turnpike to New York City, try hard to catch people, hiding their radar squads in hayricks and apparently broken-down trucks, and sending plain cars in pursuit of potential violators. In California, the state legislature has consistently refused to provide funds for radar detectors.

One vested interest group caught in the middle of this east-west crossfire is the motor industry, which welcomed the cut in speed limits from 70 to 55 with prompt redesign of speedometers. Even in the fanciest Ford today, the maximum clock speed is 85.

As Ford and the others have sought to reduce the size and fuel consumption of their cars, which for many reasons (ranging from crash regulations to the need for air conditioners) are heavier than most European cars, the absence of a need for high speeds has helped.

Whether the Republicans in their present freedom of the individual, state power, cutting mood will really force the pace on speed limits if they are elected is hard to say.

But as one north-easterner put it, in true Yankee fashion: "It would take a cowboy to turn that one loose again."

## Tempers fray in trawler blockade

BY DAVID WHITE IN PARIS

FRENCH fishermen continued their protest action in Channel ports yesterday—a public holiday—although Calais and Boulogne, which handle the heaviest cross-Channel passenger traffic, appeared to be working normally.

Le Havre, Europe's third-busiest port, was blocked for the third day running by vessels from nearby fishing centres. Some 15 ships were reported to be queuing outside the harbour entrance waiting to dock and 17 vessels were trapped inside.

Le Havre, where talks between the different sides in the dispute are scheduled for Tuesday, has become a second focal point of the conflict after Boulogne. Tension rose sharply as a result of the French navy's intervention on Thursday in an unsuccessful bid to free access to the port.

M. Joel Le Theule, the Transport Minister, said yesterday that the situation in Le Havre had become unacceptable.

The yachting centre of Fecamp

an other ports were blockaded yesterday, causing frayed tempers and frequent skirmishes. Several Channel ferries were diverted to Cherbourg, which remained clear, and cargo ships destined for Boulogne headed for Belgian ports to avoid the risk of delay.

A threat by Boulogne trawlermen to stage extensive protest action today has set back hopes of a weekend truce which had been expected as a means of reducing the economic loss to the region.

## Unemployment rises in France

BY OUR PARIS STAFF

THE RISE in French unemployment resumed last month after a brief respite in May, with the seasonally-adjusted total going back up to 1.47m, 5.7 per cent more than a year earlier.

The 0.7 per cent increase last month confirms the trend that has set in since November last year, and which has brought rises in eight of the past nine months.

Although the rate of increase has levelled off in recent

months, the prospects for the remainder of the year are more gloomy, as some 800,000 young people arrive on the labour market for the first time in a period of slow economic growth.

The Government's latest youth employment campaign is to be launched in earnest at the end of the holidays. The number of school-leavers was, according to the Labour Ministry, the main factor in the July

increase. The number of job openings meanwhile dropped by 4.7 per cent between June and July, even after accounting for seasonal fluctuations.

The proportion of under-25s among job-seekers has increased slightly since last year to touch the 40 per cent mark. The proportion of women has also risen, and now stands at 55 per cent of the total and 65 per cent of the unemployed under-25s.

## A FINANCIAL TIMES SURVEY

## NIGERIA

The Financial Times proposes to publish a 40-page, special Survey on Nigeria this autumn. It will appear in two sections, on September 29 and 30. The Survey coincides with the first anniversary of Nigeria's return to civilian rule, after nearly fourteen years under a succession of military governments. The Survey will aim to bring readers up to date on all major issues.

Editorial coverage will include:

**THE ECONOMY** The major article in this section will give an overall view of the Nigerian economy covering developments over the past year and prospects for the future. Balance of payments, foreign trade and the performance of the major sectors of the economy including industry will be covered, as will the country's development plan's performance.

**ENERGY** The main article will cover all aspects of the Nigerian Oil Industry, the "engine" of the economy. There will also be a review of gas and coal and the section will include a profile of the national oil corporation.

**THE FINANCIAL SECTOR** Nigerian banking and insurance, the stock exchange, as well as the country's borrowing from abroad. Additional articles and tables are to cover subjects of interest and use to the would-be investor.

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## Riots highlight India's tensions

BY K. K. SHARMA IN NEW DELHI

INTER-COMMUNAL riots in the city of Moradabad in Uttar Pradesh State for the past two days have claimed more than 120 lives and focused attention on the major problem of divisive forces among India's 650m population.

Prime Minister, Mrs. Indira Gandhi, referred to the clashes between Hindus and Muslims, who are in the minority, during her Independence Day address to the nation yesterday from the ramparts of the historic Red Fort in New Delhi.

She expressed the Government's determination to protect the minorities but acknowledged that even after more than 30 years of independence since 1947, when the country was partitioned amidst bloody fighting between the Hindus and Muslims, communal tensions remain.

The riots in Moradabad, where a curfew has been ordered, are the worst Hindu-Muslim clashes in recent years. Violent incidents continue sporadically in all parts of

India, however, particularly in the north where Muslims tend to concentrate in pockets for safety.

Despite repeated official efforts to promote national integration through special concessions and incentives for the minorities—particularly the religious ones—all parties concede that divisive forces still have the upper hand.

They are reflected in riots like those in Moradabad where the clashes began after a minor incident involving a pig in an Independence Day procession.

## Swedish MPs to be recalled

BY WILLIAM DULFORCE, NORDIC EDITOR, IN STOCKHOLM

SWEDISH Members of Parliament will be recalled from their summer recess on August 25 to discuss the economy and the Government's plan to raise value added tax.

Mr. Thorbjörn Fälldin, the Prime Minister, decided to call the extraordinary meeting of the Riksdag (Parliament) after talks with the Social Democrat opposition over the VAT increase broke down yesterday. The session is expected to last until September 5.

The Government hoped to have the VAT change passed by the parliamentary finance and tax committees, but has had to bow to the Social Democrats' demand for a full parliamentary

debate on the economy. The coalition has a majority of only one in the Riksdag.

Opposition to the VAT increase is mounting. Mr. Olof Palme, the Social Democrat leader, yesterday said his party would negotiate on economic policy with the Government only if it dropped its VAT proposal.

The unions have come out strongly against increased VAT. Mr. Curt Nicolin, chairman of the Swedish Employers' Association, said on Tuesday he would have understood the VAT increase better if the Government had proposed it six months' earlier, not now when the economy was turning into

recession.

Even the Prime Minister appeared to waver after yesterday's meeting with Opposition leaders. The Government would not determine the final shape of the VAT Bill before next week, and would consider points raised by the Opposition, he said.

Several leading Opposition politicians and union leaders this week urged the Government to call a general election.

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\*Mr. Granville's views are of a technical nature and do not necessarily reflect the opinion of Bache.

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The seminar will be held in the West End on Monday September 22nd from 10 am to 12 noon.

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## UK NEWS

## BL wins orders from Kenya and China

By Ray Peman, Scottish Correspondent

THE troubled commercial vehicles division of BL yesterday announced export orders worth nearly £7m for trucks and buses for Kenya and China.

The contracts will be supplied by Leyland Vehicles' medium-light division factories at Bathgate, West Lothian, and Scotstoun, Glasgow. They will not, however, affect plans for short-term working announced last month.

The company has already said that 6,000 employees at the two plants will work one week in two because of the severe slump in orders from domestic and export markets.

The order from Kenya involves 600 trucks of the Boxer, Reliver and Clydesdale ranges plus some Super Blau models, which are derived for export markets from the Reliver.

They will be built at Bathgate, which is to become the main medium weight truck assembly plant for Leyland Vehicles following a major reorganisation of production facilities this autumn.

It is the biggest single contract won by the Bathgate factory for two years.

The company said yesterday that, despite two new orders, it was still necessary to "batten down the hatches" to survive the storm caused by the recession in the vehicles industry.

A second contract for Leyland coaches has been placed by Guangdong and Hongkong, a joint company owned in the People's Republic of China, and Hongkong, which plans to operate a scheduled bus service between the two countries.

The order is for 27 Leyland Clydesdales, and the Leyland White chassis is worth £300,000. Coachwork will be provided by the Hongkong company M. D. Motors.

THE TALBOT motor company said last night that it had appointed D'Arcy McManus and Masius as its car advertising agents. Their brief embraces the entire Talbot range of cars sold in the United Kingdom, the announcement said.

● BUREAUCRATIC DELAY: New ways of testing the fire performance of upholstered furniture will be delayed because of Government cuts and bureaucratic tangles, says the weekly Building Design Methods developed by the Government's fire research station, have to negotiate a lengthy process of ministerial checking at the environment department before being published.

● VAT RELIEF: A Treasury Order and Customs and Excise Regulations which come into operation yesterday will allow certain small non-commercial consignments of goods sent from abroad by an individual to another in the United Kingdom, for personal or family use, to be relieved from the payment of VAT and excise duty.

● INQUIRY: British Rail yesterday launched an immediate inquiry into an accident in which a goods train crashed into the back of a stationary train carrying chemicals. The accident, which happened between Northampton and Reading early yesterday, blocked the main line between London and Northampton.

● NF RANCH: Five National Farm branches planned to take place in the Midlands tomorrow were banned yesterday by Mr. William Whitelaw, Home Secretary.

The ban follows a police application to five district councils in Dudley, Wolverhampton, Walsall, Coventry and Small Heath in Birmingham calling for a halt to the marches.

## Biffen confident of continuing decline in rate of inflation

BY ELINOR GOODMAN

THE GOVERNMENT is hoping for a sustained improvement in the rate of inflation, marked only by occasional monthly hiccups.

Mr John Biffen, Chief Secretary at the Treasury, said yesterday the general direction of inflation should be downwards. There was evidence, he maintained, that monetary constraint was working its way through to prices.

His claim came as Labour politicians dismissed the July Move UK news, Page 18

drop in the prices index as derisory and tried to increase the Government's embarrassment by the rise in the Tax and Prices Index launched by Mrs Margaret Thatcher last year as a way of gauging inflation more accurately.

Mr Roy Hattersley, a former Labour Prices Secretary, challenged the Government to stand by the index. Another former Labour Prices Minister warned

that even with the drop, the unions would regard 17 per cent as the starting point for wage negotiations this autumn.

Mr Biffen acknowledged there would be months in which the rate of inflation would pick up again, and that "nobody would say that 16.9 per cent is good by any historical standard."

Confirmation of the long-awaited drop in the rate of inflation was greeted with relief by Tory MPs, who still regard inflation as far more damaging politically than rising unemployment.

The figures had been so well trailed in advance that Conservative backbenchers would have been appalled had the rise in the index not fallen to below 17 per cent. They were hoping that the July figures would be just the beginning of a long-term improvement, and were not allowing the rise in the Tax and Prices Index to detract from the satisfaction of at last seeing what they insisted was the main prices indicator fall.

Ministers are likely to point to the reduced rate of inflation

as a reason for moderating wage demands, but Mr Biffen told ITN there was no direct relationship between the rate of inflation and the level of pay.

Over the past six months, he said, it was clear that the rate of pay settlements was significantly lower than inflation. Workers had faced up to the fact that, when their jobs were at risk, they had to settle for what their employers could afford.

On BBC radio, Mr Biffen agreed that the drop in the RPI was largely due to last year's increase in VAT coming out of the index, but he claimed that the July figures, like the indices for the past three months, showed a fall in prices "quite unrelated to the taxation issue."

As far as the July index was concerned, he maintained that about "half a per cent" was due to factors other than tax. The most important contributory factor, he said, was "monetary constraint." There was evidence of it working its way through the system and "having an impact on a whole

variety of goods and services" included in the RPI.

Mr Hattersley said the real fall in the rate of inflation was "infinitesimal." The figures, he said, called into question the integrity of the Government in general and the Prime Minister in particular.

A year ago, he said, Mrs Thatcher had insisted that the important measurement of inflation was not the RPI but the new Tax and Prices Index. The RPI had fallen in July, Mr Hattersley acknowledged, but the tax index had gone up from 17.4 per cent to 18.5.

The Government, he said, had kept very quiet about that. Did it still say that the tax index was the important index, or "was it just an invention to fool the people at a time of temporary and illusory tax cuts?"

Mr Alan Williams, a junior Price Minister in the last Labour government, also dismissed the fall as derisory. Unions would regard 17 per cent as the starting point for wage negotiations given the rise in the RPI.

## Wallpaper company to end production

By James McDonald

of the Berger, Jensen and Nicholson paint group, is to stop production of printed wallpaper at its two mills in Guiseley, West Yorkshire, and Peterlee, Co. Durham, at the end of November.

More than 300 full and part-time jobs will be lost at Guiseley and 100 at Peterlee.

The company, which had about a 3 per cent share of the UK market, will continue to produce and market lining and wood chip papers at Guiseley. Berger Jensen and Nicholson is a subsidiary of Hoechst, the West German chemicals group.

Mr. Barry Tate, chief executive of Arthur Johnson, said yesterday: "We have been facing serious problems over the past few years. More recently these have been made a good deal worse by the general economic recession which has hit hard both our home and overseas markets."

The decision follows closures and substantial production cuts by other manufacturers.

The wallpaper industry has excess manufacturing capacity in view of the long-term decline in markets into which paint has moved. It has been particularly vulnerable to high interest rates and, in export markets, to the strong value of the pound.

J. C. Bamford Excavators is cutting its 1,800 workforce by 146 and putting its Staffordshire manufacturing plant on a four-day week from Monday.

The job losses will be spread between office staff and non-production workers. The company is unable to say how long the four-day week will continue, "but it is certain that it will lead to further redundancies affecting the manufacturing area."

Mr. Gilbert Johnson, JCB's chief executive, said that there had been a "very severe decline" in demand recently for earthmoving machinery in the UK and the U.S., two principal markets.

"In recent weeks our order position has deteriorated rapidly as the recession has hit building and construction in both countries."

UK inflation in the past few years had not been matched by increased productivity. In 1976, UK manufacturing costs were roughly the same as in the U.S., Japan, Germany and France.

"Today, as a result of inflation, low productivity and the strong pound, British industry's costs are as much as 50 per cent higher than those countries."

In the past few months JCB had slashed all expenses other than employment costs. It told its suppliers recently that it could not accept any more price increases. "Now we have no alternative but to make manpower reductions," Mr. Johnson said.

At Halesale Castings, of Derby, which makes castings for the motor industry, is to make 250 of its workers redundant by the end of the year, beginning next month. It introduced short-time working a few months ago.

About 500 men at British Steel Corporation's Staveley works near Chesterfield are to go on a four-day week. "We have been hit both by Government cutbacks and the recession in the motor industry," Oates of Workshop, Notts, which has been making wooden handles for the hand-tool industry for 80 years, is to close with the loss of 145 jobs. It said it had been losing money for some time. Demand had dropped and the company had also been hit by cheap imports from the Far East.

Metal Box is to make about 80 more workers redundant at its Wisbech, Cambs, factory because of a reduction in demand for cans for the food processing industry. Some of the remaining 800 workforce may have to go on short time.

ERIDIAN knitwear factory at Aske, near Doncaster—part of the Courtaulds group—is to close with the loss of 150 jobs.

CRODA Food Ingredients—part of Croda International—is cutting manufacturing at Widnes, Lancashire, and 125 employees have been made redundant. "The serious effect" of increased energy prices is blamed, combined with the recession in the food and confectionery industries.

## LABOUR

## Unions asked to aid conference on nuclear disarmament

BY CHRISTIAN TYLER, LABOUR EDITOR

THE Communist-led World Federation of Trade Unions yesterday called on Western trade unions to help organise an international conference on nuclear disarmament.

The federation is trying to mount a conference early next year on the theme of the economic and social consequences of disarmament.

It hopes that by this means it may begin to thaw the freeze between itself and the International Confederation of Free Trade Unions, the body of Western trade unions that broke away at the start of the cold war in 1949.

Relations between the world federation and international confederation remain icy, at least at official level. But the world federation hopes that trade union opposition in Britain to U.S. nuclear strategy—especially the UK siting of Cruise missiles—will help draw the two sides together.

Mr. Noel Harris, head of the world federation's economic and social department, said in London yesterday that it was hoped to establish a preparatory committee for the disarmament conference with unions represented from the U.S., Canada, Australia, Britain, Scandinavia, France and the Soviet Union.

British unions which are being approached include the National Union of Mineworkers—which is organising an international miners' conference on peace, probably in London—the Transport and General Workers' Union, and the white collar section (TASS) of the Amalgamated Union of Engineering Workers, whose general secretary, Mr. Ken Gill, is a member of the British Communist Party.

The transport union has submitted a motion on disarmament for the annual Trades Union Congress in two weeks' time. It is unilateralist in intent, and the Labour Party conference in October will be confronting the same issue.

Significantly, the world federation which holds a 35th anniversary celebration in Moscow this October, is stressing that the international conference would not be under its aegis.

Mr. Harris said yesterday: "We hope to prove that investment in non-military areas is more productive in terms of employment than investment in arms."

The conference, therefore, would address itself less to the central question than to the economic consequences of a massive shift of Government investment out of military hardware.

## Commission on pay criticised

By Our Labour Staff

THE STANDING Commission on Pay Comparability was criticised by the Transport and General Workers' Union yesterday for not using sectors sought by the union as comparators for the commission's report on local authority building workers.

Mr. Brian Cox, union national officer, said the union comparators had scarcely been used.

In the union's view there had been too great an emphasis on the use of the repair and maintenance sector. The findings of the report were "questionable."

The report of the commission, which has only half a dozen groups still to report on before it is wound up, said existing pay for most of the local authority building group workers was about right. Only the plumbers were isolated as a group where pay should be increased.

Mr. Cox said the union protested to the commission about its comparators and as a result a further meeting with the commission was set up. By this time, however, the report had been virtually completed.

● DUSTMEN at Newport, Gwent, who have been refusing to cross picket lines at the Royal Gwent Hospital were told by their union yesterday to remove piles of rotting rubbish from the hospital grounds.

The instruction came from the General and Municipal Workers, which said it did not want to jeopardise the health of patients. The two-week-old strike by 300 ancillary workers, all members of the National Union of Public Employees, is over the refusal by nine laundry women to move into a new, purpose-built linen room which they describe as dark and stuffy.

● SCUFFLES broke out yesterday outside Nicholls Concretes factory on Mersey-side. The factory has become the centre of a union recognition battle.

The union's report, which was based mainly on already-published official and journalistic sources and included no evidence from its own members, called for an inquiry because of what it claimed was the increasing incidence of telephone tapping.

Mr. Bryan Stanley, the union's general secretary, said the Home Secretary's reply "does not begin to answer the serious case which we put forward." He said the Government's White Paper on the issue "conceals more than it reveals."

The union does not intend to let the issue rest. Mr. Stanley said: "We shall continue to campaign for an inquiry and seek support for our views. We are convinced that, sooner or later, our request will have to be accepted by a Home Secretary, and that the sooner this happens the better for civil liberties in this country."

## Whitelaw refuses phone-tap probe

BY PHILIP BASSETT, LABOUR STAFF

A CALL from the Post Office Engineering Union for a fresh inquiry into telephone tapping has been rejected by the Government.

The union's report, which was based mainly on already-published official and journalistic sources and included no evidence from its own members, called for an inquiry because of what it claimed was the increasing incidence of telephone tapping.

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Mr. William Whitelaw, Home Secretary, has told the union that he read with interest its recent report on the interception of telephone calls, but it "does not lead me to change my view that a full inquiry of the kind you are seeking would not be justified."

Mr. Whitelaw acknowledges the "special interest" of engineering union members in the issue, but he says the Government's recent White Paper on telephone tapping covered much of the ground which any inquiry could "properly" cover. The Government's view was that the "continuous independent" check on interceptions, such as has been set up under Lord Diplock, "will be more valuable than a further inquiry."

The Government believes it has "struck the right balance between protecting order and security on the one hand and preserving the liberty and privacy of the subject on the other."

## Recruitment to forces 'going well'

By Michael Donne, Defence Correspondent

RECRUITMENT to the armed forces is "continuing to go well" according to Mr. Francis Pym, Defence Secretary, although there are still some shortages of key technical personnel in some areas.

Whilst visiting Scotland yesterday, Mr. Pym said that in the three months to the end of June recruiting was 22 per cent up to 12,788 on the same quarter last year. This is the highest April-June intake with one exception for the past 18 years.

Eight per cent fewer service personnel left than in the same period in 1970—the first time since the end of the Second World War that fewer than 10,000 people left the services in any quarterly period.

Mr. Pym said that while these trends were encouraging, there were still some severe shortages of forces manpower, especially in some technical areas that needed urgently to be filled.

He urged all ranks "to remain in their posts because of the dangers we and the whole free world face in the years immediately ahead."

Mr. Pym attributed this improvement to the Government's decisions last year and earlier this year to give the forces pay rises designed to bring them up to comparability with civilian levels and to maintain pay at those levels.

But he made it clear that even further recruiting was necessary.

"The sustained build-up of Soviet military power over the past ten years is far in excess of what we and our NATO allies have achieved. The preponderance of strength on their side is dangerous to world stability and we must be especially vigilant until a better balance is secured."

"The Government is making every possible endeavour to build up our own forces as quickly as possible. It is a gradual process in any case, but we are doing it now in unfavourable economic conditions."

● VAT RELIEF: A Treasury Order and Customs and Excise Regulations which come into operation yesterday will allow certain small non-commercial consignments of goods sent from abroad by an individual to another in the United Kingdom, for personal or family use, to be relieved from the payment of VAT and excise duty.

● INQUIRY: British Rail yesterday launched an immediate inquiry into an accident in which a goods train crashed into the back of a stationary train carrying chemicals. The accident, which happened between Northampton and Reading early yesterday, blocked the main line between London and Northampton.

● NF RANCH: Five National Farm branches planned to take place in the Midlands tomorrow were banned yesterday by Mr. William Whitelaw, Home Secretary.

The ban follows a police application to five district councils in Dudley, Wolverhampton, Walsall, Coventry and Small Heath in Birmingham calling for a halt to the marches.

## Stockbroking firms agree to merge

BY CHRISTINE MOIR

TWO North of England stockbroking firms are to merge. Wise Speke, of Newcastle-on-Tyne, which also has offices in Middlesbrough and a dealing office in London has approached Tennant and Hirst, an established Leeds firm, and won agreement to a merger.

The new company will be called Wise Speke and Co. (Incorporating Tennant and Hirst).

Mr. Peter Order, a partner at Wise Speke, said yesterday that his firm was attracted by Tennant and Hirst's private client business and its contacts with companies in the Leeds area.

Wise Speke specialises in research on industries typical of the Newcastle area—capital goods, processing and building, but believes a local presence is needed to attract companies in the Leeds area.

About a third of Wise Speke's business is institutional. Tennant and Hirst's is entirely in the private client area.

Mr. Order said that it was Wise Speke's policy not to let private business fall to less than half total business, so that as institutional contacts grew there was a need to increase the private client book. It was easier to take over an established book.

## Bid to move accountant

BY GARETH GRIFFITHS

THE Consultative Committee of Accountancy Bodies says Mr. Kenneth Sharp, head of the Government Accountancy Service since 1975 should be transferred from the Department of Industry to the Treasury.

In its supplementary evidence published yesterday to the Commons Treasury and Civil Service Select Committee, the consultative committee argues

that as the head of the Government Accountancy Service is concerned with central policy matters he should be based in a central department.

The committee, which covers the main accountancy institutes and associations in the UK, is concerned that without this small team at the Treasury, the head of the Government Accountancy Service would be isolated.

## GE wins airline order

BY OUR AEROSPACE CORRESPONDENT

A \$50M (£21m) order by British Caledonian Airways for U.S. General Electric engines for its three new Airbus A-310 airliners was signed yesterday by Mr. Adam Thomson, British Caledonian chairman, and Mr. Neil Burgess, vice-president and general manager of General Electric's airline programme division.

The engines will be the new CF6-80A1 models of the CF6 series, giving a 6 per cent improvement in fuel consumption over earlier versions. The General Electric won the

contract after fierce competition with Pratt and Whitney of the U.S. Rolls-Royce was not considered, as no version of its RB-211 engine is yet certificated for the Airbus.

The deal is for 16 engines. Six will be for the twin-engine A-310s on firm order and six for the three A-310s which British Caledonian has on option. There are four spare engines.

The fact that British Caledonian already uses General Electric engines on its DC-10 wide-bodied jets clinched the deal in its favour.

## Sales slump forecast in waste paper

By William Hall

THE waste paper industry is facing its most severe recession for years. Sales volume, it says, will drop by more than a fifth in the next 12 months.

More than half the paper and board produced in the UK is made from waste paper collected by merchants, local authorities and voluntary organisations. Last year, the UK consumed 2.2m tonnes of waste paper.

Usage continued at high levels in the first four months of this year. But since May demand started to drop.

The British Waste Paper Association said that, after its discussions this week with the British Paper and Board Industry Federation, waste paper supplies could drop by up to 500,000 tonnes in the coming year.

The association blames the deepening recession and the downturn in export markets, which took 118,000 tonnes of waste last year.

Three months ago, 20,000 tonnes a month was being exported, but this has dropped to 12,000 tonnes.

Since the start of the year 22 paper and board machines have been closed. Annual waste paper-using capacity has been reduced by 283,000 tonnes in the past 12 months.

The association says that there is far more waste paper than can be used. There can be little doubt that the industry's future is going to be "very bleak and merchants will be struggling to maintain viable operations."

In the past few years many UK companies invested heavily in building up their waste paper-based activities. A year ago it was reported that investment of more than £130m was in hand to boost UK waste paper consumption by 500,000 tonnes a year. A Government committee on waste paper supply, which was established in November 1978, is expected to publish its report soon.

The industry is particularly sensitive to changes in economic growth.

● METAL BOX is to make about 80 more workers redundant at its Wisbech, Cambs, factory because of a reduction in demand for cans for the food processing industry. Some of the remaining 800 workforce may have to go on short time.

ERIDIAN knitwear factory at Aske, near Doncaster—part of the Courtaulds group—is to close with the loss of 150 jobs.

CRODA Food Ingredients—part of Croda International—is cutting manufacturing at Widnes, Lancashire, and 125 employees have been made redundant. "The serious effect" of increased energy prices is blamed, combined with the recession in the food and confectionery industries.

## Trawlermen's leaders plan aid share-out

BY RICHARD MOONEY

AGRICULTURE and Fisheries Ministry officials told fishermen's leaders yesterday that they planned to share the £14m aid announced last week among vessel-owners, rather than use it to support quayside prices or finance slimming the fishing fleet.

Outline proposals envisaged small inshore boats of 40 to 50 ft getting £1,250, with payments up to £24,000 for the biggest freezer trawlers.

The payments would go to vessels available for fishing on August 7, and depend on their owners' proving the minimum level of recent fishing activity.

The trawlermen's representatives accepted the Ministry's general approach, but were not happy with its formula for sharing out the money. They wanted better guarantees for boats under 40 ft.

The industry will hold discussions to draw up its own distribution plan, which it will present to the Government as soon as possible.

Mr. Pym said that the Government's policy was to stagger payment so that owners of small vessels would have time to establish their entitlement was rejected by the fishermen, who wanted payment in full immediately. They accepted that some money would have to be held back to deal with late claims.

Working rather than in the high unemployment blackspots. Beer sales in the West Midlands car manufacturing area and Luton, for instance, have been especially hit.

Lager sales continue to grow. There are indications of a slight switch in pubs from beer to spirits, especially vodka and whisky. The number of consumers is not declining on the whole.

Brewers argue, with justification, that the pub is a social centre and there is a residual demand for beer, whatever the economic climate.

The beer market suffers from a major structural weakness: it is almost exclusively a male market. More than 90 per cent of regular beer drinkers are men. Attempts to popularise

the drink among women have generally failed.

The drop in sales has presented brewers with a dilemma over pricing. Increases averaging 2p a pint have been forecast for the autumn, with some commentators suggesting 10p a pint increases over the next year.

The Government is almost certain to increase beer duty more than for other drinks next year because of its promise to make wine and beer taxes more equitable. Such a move is necessary to avoid an embarrassing row with the European Court.

Beer prices were increased by an average 23.5 per cent between last autumn and the early spring without immediately hitting demand. It is doubtful whether the companies believe they can do the same again.

## Brewers plan investment cut as beer sales slide

Pubs are expected to be main casualties, writes Gareth Griffiths

THE brewing industry, faced with falling beer sales since the spring and the prospect of a gloomy year, plans to cut its investment programme next year.

The main casualties are expected to be public houses. These are usually refurbished every five years or so. This is now likely to be extended to seven years.

British beer consumption per capita, ninth highest in the world, is falling quickly. Production this year is expected either to show no growth or decline in real terms by 1 to 1.5 per cent.

This year the industry expects to spend about £500m. Half will be on plant and distribution, half on refurbishing public houses and funding off-licences and club loans. This investment assumed a 2 per

cent growth rate in sales. Brewers' Society figures show a 10 per cent decline in production for May at 3,252,450 bulk barrels. Last year's May figure was 3,616,481 barrels. The June figure was 11.1 per cent down on last June. The April to June total fall averaged 6.4 per cent.

The link between production capacity and consumption is more apparent in the beer market than any other sector of the drinks industry. Pub stocks usually last for only 10 days to two weeks and trends work through quickly.

Society officials argue that the fall in production has not been as bad as appears. A considerable amount of destocking took place as demand to May was overestimated.

Second, production in the same periods of 1979 was high, both to cope with increased demand and the backlog caused by industrial troubles.

Third, there were fewer brewing days in May and June this year. Above all, the weather has been bad.

In spite of such statistical adjustments, the brewers are worried. Sales in the South have held up relatively better than in the more depressed North, but everywhere reports suggest the same pattern. Consumers go into pubs later, leave earlier and drink less.



## THE WEEK IN THE MARKETS

## Long faces in the wards

While the gilt-edged market has been struggling to adapt to the post-oil money supply figures, equities have had even fiercer things to deal with, in the shape of a string of depressing results covering the second quarter of the year. Both sectors of the market have largely held their ground—gilt with a little help from the Government Broker, equities with more fundamental resilience.

The outpatients are queuing outside the corporate casualty ward, shedding their dividends as they wait. Most of this week's have been in businesses relatively close to the consumer—Woolworth, for example, which traded at a loss in the second quarter as volume sales melted away. After another six months of high interest rates and rising imports, Carrington Virella has plunged into loss, and the very low share price is signalling that a reconstruction is the best hope for the group.

BPC, the old British Petroleum, has also swung into serious losses and is now—despite the hopes of a bid from Persam, which has a 29 per cent stake—capitalised at little more than a quarter of book net worth. UDT has seen the market react savagely to halved profits and a deal with the Trustee Savings Bank which allows it to escape from the "lifeboat" of exceptional help from the banks but also scotches any hope of a takeover. At the present level of 47p the shares may just about be supported by assets and earnings.

## A mighty pinch

Even the mighty Unilever is feeling the pinch these days as competitive pressures grow in its major markets in the UK and Western Europe. But the group is keeping its head down and aiming to hold its market share. Inevitably this has led to a drop in profit margins which at the operating level slipped half a point in the second quarter to 6.3 per cent

for Unilever as a whole. European and UK operating profits were down by a tenth, despite recovery from last year's strike in the edible oils division.

All the same, the group has managed to hold the quarter's pre-tax profits roughly unchanged at £179m and in the first half there has been some advance to £317m (both these figures are struck at end-1979 exchange rates: if sterling stays at present levels there will be a downward adjustment of the order of £25m at the year end). The trick has been a strong performance overseas—Argentina,

## LONDON

## ONLOOKER

Malaysia, Indonesia, South Africa and Australia.

On top of this, there has been recovery in the Nigerian business as the Nigerian economy has begun to get going again. Overall, group volume sales may have risen 2 per cent in the second quarter on a fully comparable basis.

Lever Brothers in North America is still making serious losses, but the rest of the U.S. business seems to be fine. Before the currency adjustment, Unilever's figures should come out somewhere near last year's £806.6m—by no means a bad result in what looks like being one of the worst years ever for ice-cream. It will certainly look good against some other food manufacturers' calendar year figures: and of course Unilever's dividend paying power is immense.

## Woolworth crashes

Woolworth's £16m interim profits slump made the front page of several popular newspapers on Thursday. A day later, the cartoonists were

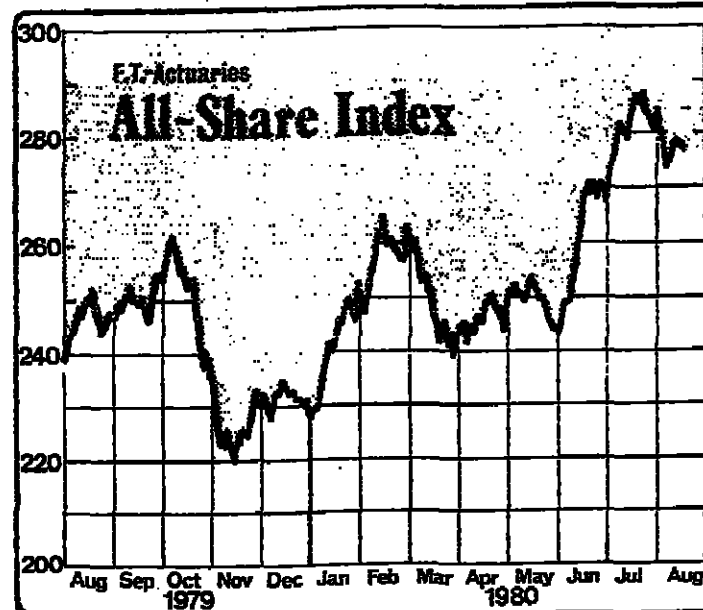
savaging the variety stores group in pen and ink. One, typically, had a street match-seller claiming that his profits would soon be level with Woolworth. Another showed a brush and broom pavement seller slumped beneath the group's well-known logo. The amazed tourist, surveying this apparition, is saying that the group had over 1,000 branches last time he was over here.

It was all good, if cruel, knock-about stuff. More importantly, it signified Woolworth's unique stake in the national buying consciousness. Hands up who hasn't been to Woolies for a paintbrush or a quarter pound of boiled sweets?

The downturn was severe. Second quarter profits of £8.8m last year had disappeared into a £3.1m loss in the corresponding period this time, excluding a surplus on property disposals. Woolworth, with a great deal of justification, could cite the collapse of consumer spending to explain the profit blizzard. Other multiples chipped in with harp'orth to say how difficult the High Street environment has become and the squeeze was sufficiently severe for the shop workers' union, USDAW, to comment publicly on the "developing crisis in the retail sector."

The consumer has always known that he can find almost anything should he wish to browse around one of Woolworth's 1,000 stores, but the evidence of the group's flat profits record and its development of market shares strongly suggests that the customer prefers a specialist shop when he wants high margin goods, be they records, hi-fi equipment, clothing, alcohol, or whatever.

The group has not, and probably cannot, identify market trends and exploit developing customer preferences solely because it is too big, too generalised, and an attack in a particular market segment is always swamped by the sluggishness of the business as a whole.



That leaves Woolworth as the most discretionary shopping chain in the country. Yet it would be wrong to say that the group is unaware of its bland, jack-of-all-trades image. The B and Q deal, announced eight days ago, is evidence of its burning ambition to expand the DIY coverage. Other attempts to pinpoint the marketing effort take in clothing, fast food, sports footwear—but is it all too late?

The smart, if cynical, City view is that Woolworth is indeed still behind the game and that its new marketing plays run the risk of confusing the customer still further. But then, investing folk have reason to be annoyed. For the past decade or more, the sole reasons for buying Woolworth shares has been income. Yet the interim dividend has been cut, slightly, although the savings are small compared to the price paid for B and Q.

## Lorho's choice

Immensely rich Arabs on a luxury yacht in Cannes Harbour may be waiting in high excitement for the arrival of Mr. Tiny Rowland, chief executive of Lorho. The stakes are high for depending on Mr. Rowland's mood they may manage to pick up a slice of House of Fraser, the Harrods department store group.

That is if Lorho is of a mind to sell its 29.99 per cent stake in Fraser. With House of Fraser's shares standing at 147p the stake is worth around £86m.

Lorho came out on the attack this week as Professor Rowland Smith attempted to ease himself into the executive hot seat at Fraser. A stern lawyer's letter was dispatched to the rearranged Fraser board by Lorho reminding them of their duties. For its part House of Fraser has sought to replace the alternate director representing Lord Duncan-Sandys, Lorho's chairman, after taking exception to press comments made by him.

While Mr. Rowland may be bound for Cannes Professor Smith will be heading for Old Trafford at the weekend to watch his team Manchester United play Middlesbrough at the start of the new season. He may have time to muse on whether Lorho may make its long expected bid for House of Fraser in the near future.

There may be more than just two league points at stake.

## Auto anguish

Given the motor industry's harsh cost-saving response to a major decline in car sales, it is no surprise that component manufacturers are suffering. Outside estimates of Associated Engineering's profits for the year to September have been coming down to £13m against £19m last year and over £29m in the year before that.

Automotive Products, whose interim figures take in the critical second quarter of 1980, was hit badly and profits fell from £7.85m pre-tax to £3.17m. The group's factories are on a four-day week and the trading surplus after six months had probably disappeared on a current cost basis. Yet, with the necessity of re-building the Bolton filter works after the serious fire, capital spending will have to be comparatively high this year and will probably meet earlier targets of around £20m. That means, if net cash outflow hits £14m as expected, gearing will rise, probably past 40 per cent.

The price still suggests that AP will hold its dividend. The shares finally steadied at 62p on Thursday where the historic yield is under 8 which doesn't leave AP much room for error. It is pinning its hopes on a fourth quarter upturn in the important aftermarket, on the assumption that a fall in interest costs will enable wholesalers to restock to normal levels.

Most UK component groups have long recognised the decline of the domestic equipment market and have been buying overseas capacity. AP claims that almost 46 per cent of its production is exported or re-exported. Fiat, for example, is its third largest customer after BL and Ford and the group is also acknowledged to hold a useful slice of the French market.

## Reassuring signs for investors

MINING  
GEORGE MILLING-STANLEY

THE MARKET in South African gold shares has been a place only for those with very steady nerves this week. Prices have been remarkably volatile, especially among the higher-priced issues, and bidders report that dealings have been much more active than of late, with the prices quoted reflecting real dealings in the shares rather than marking up or down by the market-makers.

Gold share prices nosedived on Monday and Tuesday, with selling pressure particularly strong in the overnight American markets. The most likely reason for this is the fact that several North American years, it is now non-resource companies which are dragging the market higher. There has been little encouraging exploration news over the summer in either country and the uncertainty over oil taxation in Canada has acted as a further rein on prices there.

Another factor contributing to the wave of selling early in the week was, as usual, the bullion price. This lost a full £16 on Monday to close at \$617.50 per ounce, and the UK, U.S. and the Continent were all big sellers of gold shares.

The Gold Mines index recorded its biggest one-day decline since the beginning of June with a fall of 16.9 points to 362.3, and the fall would have been even steeper but for persistent support for the shares from South Africa.

Tuesday was almost as bad—bullion lost a further \$7 to \$610.50, and gold share prices, marked down at the outset in London on heavy overnight selling in American markets, encountered renewed selling pressure and closed at their lowest levels of the day. The index lost a further 14.3 points to 348.0, for a two-day decline of 31.2 points, putting it at the lowest level since the end of June.

A disturbing couple of days for holders of South African gold shares—although those who took this column's advice in the middle of June to take profits on perhaps half of their gold shares will not have felt quite so exposed as everyone else.

But the fundamentals had not changed. The bullion price has flirted with the \$600 level on the downside more than once since its break through this level late in June, and has found support every time. It is impossible to tell whether this support will be maintained in the future, but certainly it was

## Bulls and balloons

THE BOTTOM never fell off the cage to release all the balloons to mark the end of the Democratic Convention in New York this week spoiling some of Mr. Jimmy Carter's fun. Nor did it fall in Wall Street where it did anything but spoil the market's bullish mood.

The stock markets' remarkable four-month-old rally showed no signs of losing steam in spite of hesitation in the middle of the week when the Dow Jones industrial average lost nearly 15 points for the first time in 200 days.

Brokers immediately speculated that the long awaited correction had at last taken place, but the market shrugged these suggestions off to pick up again on Thursday, 13.40 points, or the biggest daily increase since the 14.42 rise on July 14.

The market's earlier hesitation also had something to do with what was happening in Madison Square Garden where the Carter-Kennedy contest was taking place for the Democratic Party Presidential nomination.

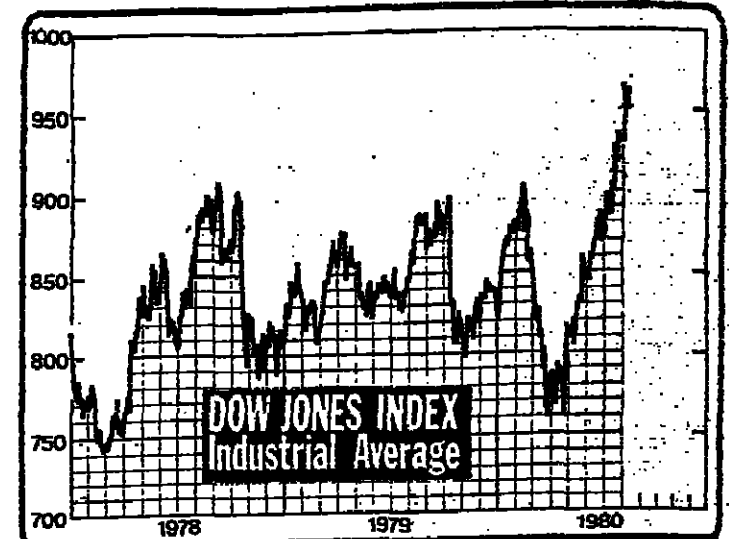
As things turned out, the market apparently ignored the whole thing, displaying polite contempt for the colourful proceedings, and went about its business in its own way. Indeed, the market appeared to be saying it could not care in the slightest as it seemingly has done all through the build-up for the Presidential elections.

In any event, the stock market seems to have a far greater penchant for Mr. Ronald Reagan, the Republican Party candidate, who has proposed a substantial tax-cutting programme and additional defence spending. It also sees Mr. Carter, who won this week his party's nomination in spite of being all but outshadowed by Senator Kennedy, as the lesser of the two evils in the Democratic Party.

In contrast, the bond market views a possible Reagan victory in the autumn with some apprehension and all this may go some way to explaining why stocks have rallied while bonds have suffered.

The stock market's bullish mood suggests that Wall Street and business have different concepts of the effective and short-term future state of the U.S. economy than the economic pundits in Washington. In spite of the unexpectedly high rise in the wholesale price index, which increased by 1.7 per cent in July representing a 20.4 per cent annual rate, investor enthusiasm never dampened, nor did it drop in motor industry stocks although the U.S. car business slump is showing no signs of abating.

Instead, the big institutional investors, who earlier in the



week clearly took some profits, continued to throw their weight around the market.

The underlying message Wall Street is seemingly trying to convey is that in the midst of all the uncertainty over the future pattern of inflation and the actual strength of the recovery, stocks are generally still undervalued and a good buy.

There has been increasing interest in industrials including stocks in depressed sectors such as the car business and the steel industry and after a slight dip,

## NEW YORK

## PAUL BETTS

the oils have again become popular in spite of reports of a glut in the U.S. oil market and lowering prices.

With big board volume up in the high 48m mark all week, the spotlight was focused in the later part of the week on takeover and merger candidates.

Among these, IC Industries of Chicago fared well on reports that the consumer products and railway group was having preliminary talks of a merger of some interests with Ashland Oil. Interest also turned on Mesa Petroleum and Texaco after the two companies announced a limited partnership to explore for oil and gas on 19m acres of undeveloped Mesa leases.

All this came as reports from the American Petroleum Association pointed to an improvement in U.S. oil production in more than three years indicating that last year's de-control of crude oil prices was halting the steady decline of American oil production and although analysts are sceptical that the slide can be reversed per-

manently, the slow down would help contain imports.

In the conflicting signals coming from official statistics on the state of the economy, the market also got a cheer on Friday as the Federal Reserve's report that industrial production declined by 1.6 per cent in July representing an improvement from the 2.3 per cent fall in June and the 2.6 per cent drop in May.

This partly offset the disappointing wholesale prices reported on the same day by the Labour Department and a report earlier in the week that inventories had effectively increased by 0.3 per cent last month when a decline was expected.

But the market is nonetheless showing a healthy inclination not to read too much in statistics at this stage.

The question tickling Wall Street is how long the rally will last and whether it will see the Dow hit the magic 1000 mark at some stage. It has also led to a flurry of traditional Wall Street folklore suggesting that when the Yankees baseball team is on a winning spree the market picks up.

Well, the Yankees have been winning, then they lost a few games so the market dropped on Tuesday and Wednesday and then they started winning again so the market lifted again on Thursday.

To compound it all, Merrill Lynch, the New York investment firm, confirmed that it was contemplating buying and syndicate the Chicago White Sox baseball team.

MONDAY	964.08	+9.39
TUESDAY	962.39	-11.69
WEDNESDAY	949.23	-2.16
THURSDAY	962.63	+13.40

## MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1980	1980
	Ytd	on Week	High	Low
FT Ind. Ord. Index	483.8	+ 2.7	503.1	406.9
FT Gold Mines Index	372.5	+ 6.7	383.8	265.5
Associated Engineering	55	+ 6	79	52
Associated Fisheries	78	+ 7	78	50
Berjuntal Tin	245	+ 30	260	149
CRA	294	+ 26	356	230
GKN	221	+ 11	279	228
Guthrie	850	+100	912	628
Horizon Travel	285	+ 40	290	200
House of Fraser	147	+ 7	152	104
London Brick	71	- 5	83	55
Man. Agency & Music	145	+ 15	150	107
Nottingham Mfg.	87	- 9	104	71
Peerless	82	- 8	110	82
Pegler-Hattersley	136	+ 20	146	100
Philips Lamps	395	- 30	500	370
Plessey	241	+ 20	241	108
Strata Oil	132	+ 12	164	12
Unilever	495	+ 25	512	388
U.D.T.	47	- 16	69	35

## A range of peaks on foreign shores

THIS HAS been the week of the share. Stock markets around the world have been striking new peaks for the year and business has been unusually heavy for the generally sleepy mid-August period.

The week began briskly with North American, Australian and South African indices reaching 1980 highs on Monday. Two days later Japan followed suit, accompanied by such relative minnows as Spain, Singapore and Italy. Rarely to be outdone in matters of price volatility, Hong Kong bounced up to its highest level in seven years on Thursday.

In many cases, the markets were recovering the ground lost in February and March when hopes of an early turn in interest rates were confounded and the prospects of a long and deep recession were strengthened. When the turn in interest rates did come, in early April, the stock markets turned with them and few have looked back since.

Investors in all the major markets are still keeping a

very beady eye on interest rate movements but the sometimes sharp rises this week were prompted more by signs that the recession, particularly in the UK and the U.S., may reach a trough early next year.

In the U.S., for example, the interest rate picture remained very cloudy with Chase Manhattan joining other major U.S. banks by raising its prime rate to 11 per cent. Treasury bill rates, by contrast, were easier.

So it was principally the recent economic indicators which pushed the major New York indices to their high points of the year. Retail sales showed a solid 2 per cent growth in July, the trade deficit narrowed and the Index of Economic Indicators looked more encouraging.

As a result, investors in several markets have been returning to blue chip manufacturing stocks which had been heavily marked down as economic growth slackened. The Tokyo market, for example, seems to have been curiously flat given that Japan is the only major economy showing sign-

## PERCENTAGE CHANGE IN WORLD STOCK MARKET INDICES

	Over 12 months	Over 6 months	Over 1 month
U.S. S & P Composite	14.62	5.62	2.72
Canada TSE Composite	41.5	9.61	5.42
UK FT All-Share	11.53	4.79	-0.34
France CAC Generale	9.54	-5.3	1.21
Germany FAZ	-0.69	-0.22	2.76
Hong Kong Hang Seng	87.58	20.97	5.27
Japan Tokyo New	5.18	0.4	1.29
Australia Sydney All Ord.	54.3	0.56	5.12
South Africa Industrial	81.08	16.22	8.3
FT Gold Mines	117.43	-1.14	3.01
Capital International World	13.03	3.91	1.54

## Scant growth.

Yet the performance of the index is distorted by sharp falls in several energy stocks, such as Nippon Oil. Manufacturing companies are still overshadowed by the threat of protectionism but have nonetheless been enjoying a good run.

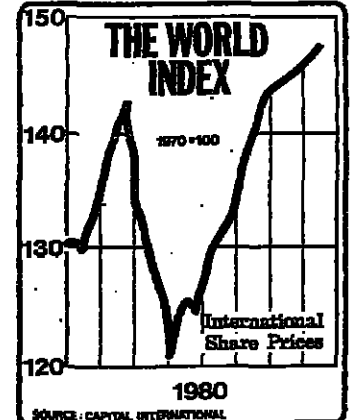
Similarly, the West German market looks something of a dullard compared with resource-based economies such as Canada or Australia. Yet in the last few months it has been rising steadily, even though the Bundesbank has scotched hopes of an early fall in interest rates. Only the most optimistic are now expecting a cut in the discount rate later this month.

There is a strong feeling that the economy is gathering momentum—an idea tempered by the knowledge that this could rapidly create capacity bottlenecks and force the reimposition of deflationary policies.

By almost any yardstick, Hong Kong has been the star performer of the year so far. Corporate earnings continue to grow at around 20 per cent a year, trade is holding up well and the current state of good banking figures shows the economy to be in burgeoning health.

Takeover rumours and a revived property sector continue to lend support but in Hong Kong, as elsewhere, it is blue chips which are making the running.

Even in Canada and Australia, where energy stocks have led two bull markets of the last two years, it is now non-resource companies which are dragging the market higher. There has been little encouraging exploration news over the summer in either country and the uncertainty over oil taxation in Canada has acted as a further rein on prices there.



Foreign interest has supported the resource shares, but the metal companies, banks and industrials are now outperforming the market. A similar pattern is developing in Australia, where foreign buyers are shifting their attention to non-energy companies.

This week's developments overseas make the performance of the London Stock Exchange look prosaic. The FT Actuaries All-Share Index is the only one in the accompanying chart to show a fall over the last month. It may, however, be some consolation to the British investor that UK institutions have apparently been heavy buyers in several of the flourishing foreign markets over the recent bull period.

John Makinson

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مكتبة النجم



## FINANCE AND THE FAMILY

## Tax relief on interest

BY OUR LEGAL STAFF

I moved into a house just before completion date and agreed to pay the vendor interest at 15 per cent on £15,000, the sum I was raising on mortgage. However, owing to a difficulty which has arisen about the title, the completion date has been postponed until it is resolved, and the mortgage will not advance the money meantime. What am I to do? Can I claim tax relief on the interest due to the vendor?

The Inland Revenue have produced a helpful free booklet (IR11) entitled "Tax Treatment of Interest Paid," which is obtainable from most tax inspectors' offices. You will find the solution to your puzzle in paragraph 20 of the booklet: "Where part of the purchase money remains unpaid and the purchaser pays interest to the vendor, or interest becomes payable before the contractual date for completion because the purchaser has been allowed to occupy the property, the interest is treated as interest on a loan."

## Restructuring a mortgage

Two years ago I bought a house prior to marriage and negotiated a mortgage as to which, the building society concerned required my fiancée as guarantor. My fiancée and I did not marry and I have now married somebody else, we are living in the original house. I informed the building society, who after some correspondence eventually made me an offer based on a completely new structure which would result in my paying considerably more interest. Can they insist on this? Unless the mortgage itself contains express provision enabling them to do so, we think that the building society cannot insist on changing the structure of your existing mortgage arrange-

ments. You might point this out to them and offer to change the structure on a new mortgage which is limited to the same interest rates as your present mortgage requires you to pay, but if they will not agree you should insist on maintaining the present mortgage. They could insist on your ex-fiancée remaining as guarantor.

## Maintenance of the infirm

Does the Inland Revenue treat gifts to mentally handicapped persons, (family) proportionately as regards capital transfer tax, or for trusts set up by parents in favour of their mentally handicapped children? Is the income of such trusts treated differently?

There is no specific exemption for gifts for the maintenance of the mentally handicapped, apart from the general exemptions for family maintenance. This allows exemption for reasonable gifts for a dependent relative, that is, a relative unable to maintain himself because of infirmity. Income tax would not be affected.

## Resident abroad and VAT

I understand that as a resident abroad I am exempt from payment of VAT. By UK stockbrokers do not charge it on their commission but the agents who collect some rents for me do charge it on theirs. Is it not incorrect of the agents to do so? And what is the position about VAT on solicitors' charges?

As a general statement it is not correct that a non-resident of the UK is exempt from VAT. It is true that many services to such persons are zero-rated. These include the services of stockbrokers. The services of

solicitors are also not liable to value added tax when given to a non-resident providing the services are not in connection with land situated in the UK. Estate agents who render services in connection with

United Kingdom property have to account for VAT on their charges. The rule about zero rating for the services mentioned above applies to a person who resides outside the UK other than in the EEC. If the

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

## Correct figure for insurance

Your correspondent, whose inquiry was published under the heading "Correct figure for insurance" (April 5), appears to consider that the figure should be based on "the sum it would cost to rebuild it, if it became a total loss." However, I understand that if rebuilding does not take place the insurance company will not pay out more than the difference between the previous market value of the house and the current market value of the site (allowing for site clearance works). This figure will always be very much below the

hypothetical "rebuilding cost" and it therefore seems wrong to be paying the insurance company year after year a premium based on a much higher figure than they are prepared to pay out if a claim arises in the circumstances I have described. I realise that, for obvious reasons, my insurance company and building society will press me to pay at the higher level, but do you agree I would be right to resist such pressure? What you say about insurance companies' practice is correct. This is because the contract of

insurance is one of indemnity, i.e. the company will pay the insured's actual loss up to the value insured. It is however most unwise not to insure at the full rebuilding cost because many first losses are partial only, in which event the part of the building which has been damaged will be rebuilt, but the insurers will only be liable for a proportionate part of the sum insured. Hence if the sum insured proves to be 60 per cent of the rebuilding cost the assured will only be paid 60 per cent of the cost of reinstating the damaged part of the

## The real cost of covering a home

## INSURANCE

JOHN PHILIP

WHILE we are all conscious of the pace of inflation, it is more than salutary to stand back and see just how fast particular prices have moved in the past two years. My guess is that, without the figures available, we all sadly under-estimate.

Take for example the cost of building houses—or rather the cost of repairing and rebuilding the cost we are all more concerned with in the insurance context, since it is the cost of total rebuilding after complete destruction for which we should insure.

Since July, 1978, has the cost of rebuilding risen by 24.6 per cent, 34.6 per cent or 44.6 per cent? Pause and put down your own figure before you read on.

You may well be as surprised as I was a couple of weeks ago to learn that 44.6 per cent is the figure calculated by the Building Cost Information Service of the Royal Institution of Chartered Surveyors.

Moreover that 44.6 per cent is across the country—if you live in London and the South East the percentage may well be higher. In parts of the north, and in more rural areas, the percentage may be a little less.

Percentages, even of this order, are not meaningful unless applied to actual amounts. So let us take three post-war-built houses—a small suburban terraced house which would have cost £25,000 to rebuild two years ago, a medium-sized detached house, then

£40,000, and a larger, but not over-pretentious house, then £60,000.

By the end of June, 1980, the rebuilding costs of these three properties had risen—in round figures—to £36,250, £58,000 and £67,000 respectively.

Now let us look at the cost of insuring these properties under one of the many household packages, which, till recently, cost £125 per £1,000 worth of cover.

In 1978 premium for our three properties would have been £31.25, £50 and £75 respectively. Provided the same rate of £125 is still applicable, current cost of insuring these homes will be £45.30, £72.50 and £108.75.

But this year most insurers are raising the standard rate from £125 to £150 per £1,000—and when applied this increase adds another 20 per cent to renewal premiums—so that current premiums on our three houses may be as much as £54.35, £87 and £130.50.

The great majority of us now have index-linked sums assured, and those who have so far escaped the insurers' net are now rapidly being hauled in. So as our renewal notices come in insurers will be requiring premiums that may be as much as 72 per cent more than we paid just two years ago.

The Building Cost Information Service experts are cautiously optimistic about the course of inflation and its effects on building costs in the coming 12 months. They reckon that building costs will rise by around 15 per cent, compared with 22.6 per cent in the same 12 months 1979-80. Remember, however, that this percentage is compound—it does not apply

to the 1978 figures but to those obtaining last month.

And 15 per cent will take rebuilding costs of our three houses—in round figures—on to £41,700, £86,700 and £100,000. By midsummer next year, premiums of £62.50, £100 and £150 will be needed, and by then the cost of home buildings insurance will have almost doubled in three years.

Inevitably the question must be asked: by more and more policyholders—can I afford index-linked cover and premiums? Undoubtedly some, those living on fixed or near fixed incomes, must be answering "No." As for the rest of us, our earnings have increased, if not absolutely in line with the buildings index.

After years of losses on the underwriting of homes, insurers are still not making discernible profit—in practice claims costs are as index-linked as are premiums. We are not, nor shall we be, paying more than is justified for our home buildings insurances.

Moreover, it is not really sensible to start arguing for some different premium yardstick than rebuilding cost. Any fundamental change in rating methods would be costly for insurers to implement and we, the consumers, would have to pay.

No fundamental change in rating methods yet devised would do more than marginally alter individual premiums for any of us and most likely most of our premiums would remain unchanged.

No fundamental change would stop insurers requiring a percentage more each year to meet claims outgo. The answer to the question "Can I afford..." is "I have to, so long as inflation continues."

## Another battle with old Kruger

WHEN OLD Kruger managed to rile the British in South Africa over 80 years ago, and made a showdown inevitable, neither its course nor its final outcome added particular lustre to our imperial glories.

Now once again there is official British exasperation. This time it is the Inland Revenue authorities who are shaping up for battle—and the subject matter is the notorious Krugers, the gold coin named after the original Boer.

Some parts of the relevant tax legislation are clear, whilst other whole areas are sufficiently uncertain to make arguments and dispute the sure consequence. The Revenue's fervent protestations to the contrary, the outcome of such disputes may not be as inevitable as they would like us to believe. What follows are the main rules of war and the essential features of the battleground.

The law is quite clear that Kruger profits cannot be exempted from capital gains tax under the "chattel exemption." Tangible movable property sold for less than £2,000 is in general outside the scope of the tax.

But currency of any kind is specifically excluded from the relevant definition of tangible movables. And there is no doubt that Krugerrands are currency.

The more uncertain question, however, is whether Krugerrands may not be exempted from Capital Gains Tax on the footing that any profits realised are negligible. It is that tax which is charged and it automatically removes any profit from the scope of capital gains tax.

The Revenue has consistently maintained that in all normal cases the purchase and sale of Krugerrands must be a trading activity; or if it is an isolated event it is within the alternative phraseology, namely an adventure in the nature of trade.

This view is based in part on the nature of the assets themselves, but partly on assumptions about the taxpayer's

## TAXATION

DAVID WADMAN

motives in acquiring them.

Whether a transaction is a trading one, or is on the other hand only the realisation of an investment, is a question of fact. If a taxpayer disputes an Inland Revenue assessment in front of the General or Special Commissioners of Taxes, those tribunals will decide the question, and it is highly unlikely that the courts would entertain any appeal.

"The court is not a second opinion," Lord Radcliffe said, "where there is reasonable ground for the first... (the courts) duty is no more than to examine those facts with a decent respect for the tribunal appealed from, and if they think that the only reasonable conclusion on the facts found is inconsistent with the determination come to (by the Commissioners), to say so without more ado."

In 1968 the Court of Appeal very decently and respectfully examined the transactions in which Norman Wisdom, the comedian, acquired silver bullion to the value of £200,000 on the advice of his accountant, who was expecting a devaluation of sterling, and thought silver was the best hedge against such a possibility.

He had also reached the conclusion from a study of prices over the five years preceding the plunge that it was a commodity whose price fluctuated very little. The Commissioners noted that the silver bullion was useless and was left in the bullion dealer's vaults, and that it was neither an income producing asset nor a long-term one, being financed by loans at a high rate.

They concluded that "by the nature of the subject matter there was an adventure in the nature of trade." Lord Harman

agreed with them, saying that it seemed to him that "supposing it was a hedge against devaluation, it was nevertheless a transaction entered into on a short-term basis for the purpose of making a profit out of the purchase and sale of a commodity, and if that is not an adventure in the nature of trade, I do not really know what is. The whole object of the transaction was to make a profit."

The Revenue won its case against Mr. Wisdom, and is therefore inclined to rely on it rather more heavily than the 1961 case in which they were defeated by a Mr. Freedland.

He bought very cheaply from a scrap dealer, and sold on to his own chemical companies at an economic price, two stills which had been totally gummed up with a glutinous and inflammable resin.

The transaction was an isolated one, but the courts have always recognised that "a single plunge may be enough provided it is shown to the satisfaction of the Court that the plunge is made in the wrong of trade."

However, in answering the question—whether Mr. Freedland's plunge had been an adventure into those waters, Lord Harman (for it was he once again) pointed out that Mr. Freedland would be taxable only if it had been his own trade that he was engaged in, rather than those of his companies.

He had never before or since traded in machinery and it could clearly be inferred from the evidence that he would never have embarked on this deal except to benefit his companies. He only ever intended to provide the stills to them—certainly not to market them in any general way.

Donovan clearly spelt out the significant legal principle. This was an instance, as is so often the case, where some of the facts pointed one way and some the other. The facts of each case are always different, and the facts of one must never be thought of as a precedent which determines any other.

"It cannot be right, therefore, to assert as the Crown did before us, that whenever something is bought to re-sell at a profit an adventure in the nature of trade necessarily results, and any finding of Commissioners to the contrary must be perverse... all the facts in each case must be considered, not merely the motive of acquisition, and a conclusion arrived at from such a comprehensive review."

But assume that you are arguing that you are not engaged in repeated dealings in Krugers: that following your isolated purchase you are holding them as capital gains assets, a long-term investment rather than short-term, purchased not solely for resale, but for your own and your grandchildren's enjoyment.

You might find this easier to argue if you had remembered to enter your purchase in the section of your income tax return recording acquisitions of chargeable assets.

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## Lloyds Bank Option Deposit

•Higher interest than an ordinary deposit account

•The longer the term the higher the rate of interest

•Cash in case of unexpected need

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## It's your choice

You may invest any sum from £2,500 to £100,000 (in multiples of £100) and you choose a fixed period of two to seven years. The longer the period, the higher the rate of interest. The interest rate is linked to a margin below the Bank's Base Rate which will vary from time to time, but the differential is guaranteed:

PERIOD	2 YEARS	3 YEARS	4 YEARS	5-7 YEARS
Margin below base rate	1%	1½%	2%	Interest paid at base rate

For example:

With the present Base Rate of 16%, you earn:

2 years 15% 4 years 15¾%

3 years 15½% 5-7 years 16%

It's flexible

Once your initial contracted term has been completed, you may then choose to extend the term for another period of years up to the maximum of 7 years. Your Option

Deposit will continue to earn interest at the appropriate higher rate. For example, if you have contracted to invest for a two year term and you find you can afford to leave your investment for a further two years, you will receive the higher four year rate for the remaining two years.

## Payment of interest

You may choose between having interest paid to your bank account half-yearly in June and December, or having it added to your Option Deposit where it will earn you additional interest. Interest is paid gross, without deduction of income tax, an added advantage if you do not pay tax at the standard rate.

## What happens if you need the money?

Withdrawals will not normally be allowed during the contracted period, except in the event of death, but, at Lloyds Bank recognise that unforeseen needs may arise. If this happens we will grant you a loan of up to 90% of your deposit at 2½% over the Bank's Base Rate, which will vary from time to time. Your deposit serves as the security. You repay the loan in a lump sum when the deposit matures, or earlier if you wish from other sources. Your local branch of Lloyds can give you a quotation on request.

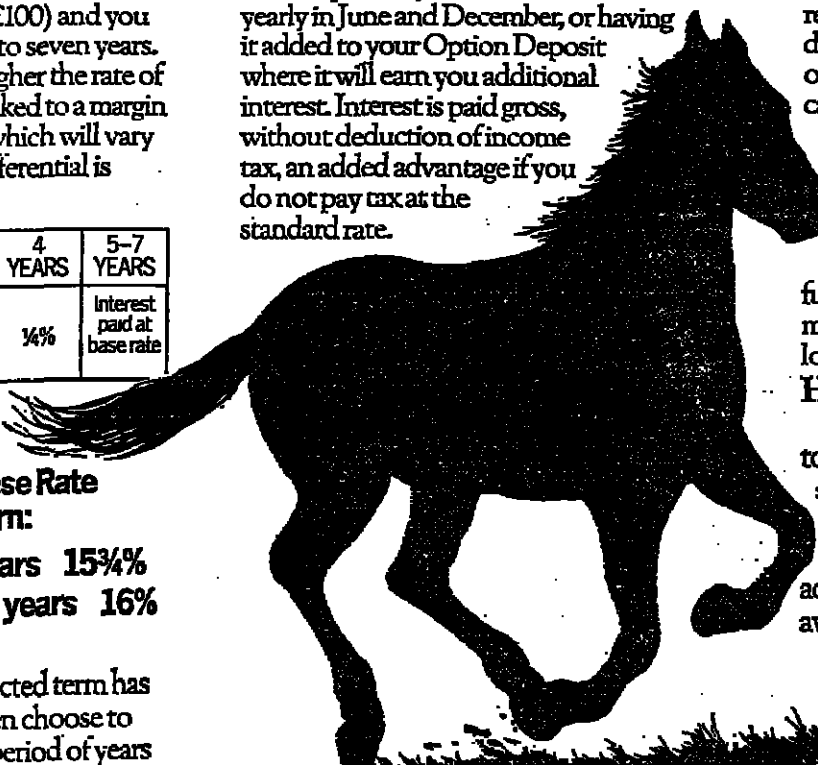
With an Option Deposit you are protected against a rainy day and you still have your money earning a high rate of interest.

Help with house purchase

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## How to invest in an Option Deposit

Any Lloyds Bank branch will be pleased to help you. You will be asked to complete a simple request form and your deposit will be acknowledged. It couldn't be easier. You don't even have to be a customer to take advantage of one of the best savings deals available anywhere.



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## YOUR SAVINGS AND INVESTMENTS.

Tim Dickson looks at building society funds

## Inside the minds of the mortgage men

**HARD-PRESSED** building society borrowers must be wondering why they are still paying a record 15 per cent plus for their mortgages. Societies in July had their best month for net new receipts since last October—a combination, it seems, of seasonal factors and the one point fall in Minimum Lending Rate (MLR). With high interest rates, unemployment and the impact of the recession apparently scattering the home loan queues, the equilibrium between demand for and supply of funds now seems to have been restored.

In spite of this easing of pressure on both sides of the building society counter, however, borrowers may well have to accept the present burden for some time to come. Societies have already indicated that

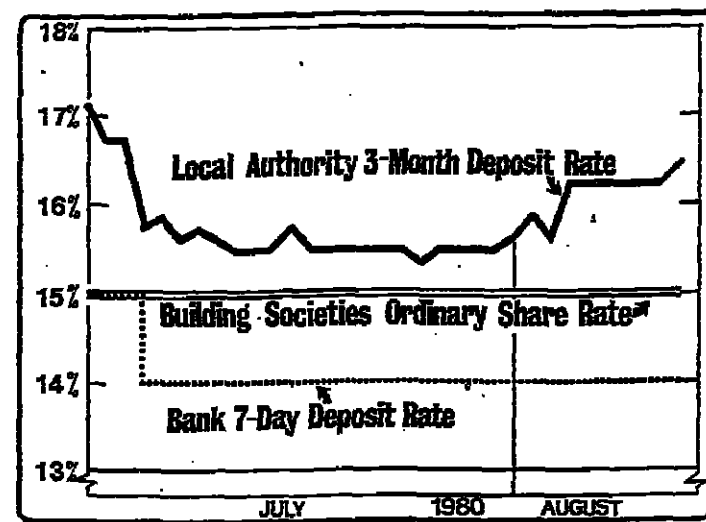
they want to see another one point lopped off MLR before taking action—a possibility which seems depressingly remote following the disastrous banking figures announced last week.

Meanwhile, July's net receipts of £340m, although a considerable improvement on earlier months this year, had been expected to be good for seasonal reasons, even before the reduction in MLR improved the societies' competitive edge. Holidaymakers, for example, mostly dip into their accounts to pay for overseas trips earlier in the summer and, more importantly, many of those who received their half-yearly interest payment at the end of June simply put it straight back into their accounts.

The accompanying chart illustrates one reason why building societies are particularly reluctant at this stage to lower mortgage rates. It shows the movement over the last three months in the three month local authority deposit rate, a key money market indicator for the societies.

Research by the Building Societies Association reveals that a one point increase in the gap between the ordinary share rate and the local authority rate can knock £80m a month off their net receipts. With money market rates edging up again in the wake of money supply worries, building society fears that a reduction in their deposit rates would lead to significant outflows of money may be justified.

The hard core of building society savers are admittedly small depositors, with balances



\* Building society rate grossed up

of hundreds rather than thousands of pounds not influenced by small changes in relative interest rates. But large scale investors, who shift their money from home to home at the slightest touch of the interest rate tiler, can still do considerable damage to the health of building society receipts. Smaller provincial societies, who often rely on the support of local professional people, tend to be hardest hit

Political factors may also be playing some part in societies' determination not to rush down the interest rate hill. Forced by their political masters last year to keep their rates lower than they would have liked, they are now determined to build up to consolidate their competitive position while the going is good. Liquidity is now around 17 per cent—a level considered close to the absolute minimum.

## When surrendering can make good sense

A traditional life assurance contract offers investors a tax efficient investment providing steady returns with a high level of guarantee. However, to gain maximum efficiency the contracts are written for investment periods of at least 10 years.

And if the investor wishes to realise his contract before the end of the investment period, then he has to accept what surrender value his life company is prepared to pay him, on a non-guaranteed basis. The actuarial profession, at least until now, has strongly opposed widespread guaranteed surrender values.

But investors' horizons have become progressively nearer with the passage of time and 10 years now seems light years away. Many investors need to be able to cash-in before the 10 years is up on guaranteed terms while still retaining the tax advantages. This is especially so in school fee planning, where all too often fees are due before 10 years. Now two Scottish life companies have tackled the problem. A few weeks ago Scottish Amicable launched its Flexisave plan, and last week Scottish Provident followed with its Five to Ten plan.

Scottish Amicable's scheme is basically a 10 year with profits endowment. But the guaranteed death benefit is restricted to the legal minimum necessary to secure tax qualifications—75 per cent of the total gross premiums paid over the 10 year period for investors under age 55. This enables a higher guaranteed maturity benefit to which bonuses are added.

The scheme then guarantees cash-in values on each monthly anniversary from 7½ years. To this guaranteed sum is added bonuses on Scottish Amicable's Flexidownward rate. This is a two tiered system separate from the main bonus system. The present interim rate is £4.25 per cent per annum on the guaranteed benefit and £8.50 per cent on attaching bonuses. Table 1 shows the guaranteed values and expected payments under this plan and compares it with the non-guaranteed surrender values and the maturity value for an ordinary 10 year with-profit contract.

Scottish Provident's plan also uses a ten year policy with the minimum guaranteed death benefit. But the company is prepared to guarantee cash-in values, plus bonuses from the fifth year onwards. Table 2 shows what the investor can expect on current bonus rates and compares it with an ordinary ten year contract. Scottish Provident has one universal bonus rate for all its with-profit contracts—the current interim rate is £4.75 per cent of sum assured and attaching bonuses.

Leading school fee planners, School Fees Insurance Agency based in Maidenhead, has given a warm welcome to both these plans as enabling them to be even more flexible in their planning. It considers that both plans will be useful for cash-in from 7½ years onwards. Now that these two companies have started the ball rolling, no doubt others will follow very quickly. The danger is that such concessions to the principle of

**TABLE 1**  
Expected returns for a man aged 34 investing £100 per month in a 10 year with-profit contract.

Cash-in period years	Normal contract	Flexisave Plan
7½	£11,410	£11,446
8	£12,761	£12,792
9	£14,012	£14,186
10	£15,263	£15,627
10	£16,514	£17,183
10	£17,765(a)	£18,796

(a) including terminal bonus.

**TABLE 2**  
Expected returns for a man aged 44 paying an annual premium of £500 on a 10 year with-profit contract.

Cash-in Period Years	Normal contract	Five to Ten Plan
5	£2,445	£2,527
6	£2,564	£2,642
7	£2,683	£2,757
8	£2,802	£2,872
9	£2,921	£2,987
10	£3,040	£3,102

non-guarantee of surrender values could lead to actuaries making guarantees that could affect investment performance. Established life companies, with their strong reserves can guarantee surrender values after five years for a ten year policy without affecting investment performance. It would be a different tale if they guaranteed surrender values after ten years on a 25-year policy. Finally if the investment period is ten years, then these policies give a poorer return than a standard ten-year contract, as the tables show.

Alan Friedman reports on the latest salvo in the savings war

## Lloyds joins the fray

THIS WEEK Lloyds Bank became the last of the four major clearing banks to unveil its all-new, post-Corset savings scheme.

Cunningly, the policy planners in Lombard Street have seen to it that while theirs is the last new programme to be announced, it is the very first to get underway. Potential savers can begin using the new services at any Lloyds branch as from this Monday—the other three banks all plan to start their schemes in September.

But the Lloyds savings accounts, although spurred by the same general desire to lure funds away from building societies and by the hotting up of the UK retail banking sector, seem less broadly pitched than the Barclays, NatWest and Midland plans.

There are two main components of the Lloyds entry into the battle for personal savings and neither offers much encouragement to the truly small individual saver.

The new Option Deposit account is a scheme which

stipulates a minimum investment of £2,500 to be tucked away for between two and seven years. On the basis of the present base rate the account will pay interest of between 15 and 16 per cent. The other side of the Option Deposit is that savers are eligible to get a loan, for up to 90 per cent of the amount of their deposit, in order to meet an unforeseen need for cash. Savers also qualify for special consideration under the Lloyds Bank home loan scheme.

Interest, which will be calculated in relation to the base rate and term will be paid gross on a half-yearly basis. Depositors will be able to extend the term of a deposit up to a maximum of seven years.

Mr. Fred Crawley, chief deputy general manager at Lloyds, said that the loan aspect of the new Option account loosely parallels the American "Passbook savings loans" available on certain deposit accounts. He said that a borrower could well pay a higher rate of interest than he was receiving

on the account, but that this was the price of the convenience of the service.

"I don't think these things are always decided on the basis of the interest rate," he commented. "People want to make sure their savings are not disturbed and they pay for that service," he said.

The second new offer from Lloyds is the Fixed Rate Deposit Scheme, which is to be an extension of an existing operation. This is simply a fixed rate of interest paid on sums deposited for a fixed term, at rates linked to money market rates. But the minimum deposit here is £5,000 for different periods from one to 18 months.

The one month rate quoted yesterday by Lloyds for a £5,000 deposit is only 12½ per cent, 1½ per cent below the current seven day deposit rate. This suggests that the bank wishes to encourage longer and larger savings. For amounts above £100,000 Lloyds promises to quote "competitive rates for all periods, including overnight."

Lloyds, unlike some of its competitors, has not chosen to introduce small savings schemes such as Barclays' "bonus savers" for people who can save £10 or more each month for a minimum of 12 months, thus obtaining an extra one per cent interest above the bank's base rate.

But the Lloyds Bank debut will occur within 48 hours, so it has beaten its rivals to the starting line. It will be interesting to see how many new savers turn up.

## Slowing down on the merry-go-round

THE FINANCIAL rand—that curious mechanism used as an investment discount currency by non-residents to buy South African shares and by residents moving funds outside the country—is looking rather sickly these days.

At the beginning of the year the financial rand acquired a new and glamorous image. On the back of booming overseas demand for South African gold shares and a change in rules during 1979 to encourage direct investment, the financial rand shot up to 111.5 cents (U.S.), reflecting a discount of only 8.5 per cent on the rate for the commercial rand.

Yesterday it was standing at a mere 81½ cents and the discount against the commercial rand had spread to a yawning 33½ per cent.

Some falling off resulting from easier gold prices after January was inevitable but it has gone much further than that. Since June 2—the day SWAPO guerrillas sabotaged two Sasol synthetic fuel plants and an oil refinery—the financial rand has tumbled by nearly 15 per cent.

The crucial question for South Africa's potential and existing overseas investors is whether the financial rand is an accurate barometer of informed outside opinion about whether to put money into the Republic and if it is, whether such a bearish perception is likely to persist.

The answers are not straightforward. But it would be naive to regard the financial rand's present weakness as an indication that foreign capital had suddenly come to the conclusion that bloody revolution is just round the corner.

The financial rand is a bit like the old investment dollar premium. The rate is a reflection of share prices in Johannesburg relative to overseas markets, especially those in London and New York where most foreign investment in South Africa originates.

The financial rand is a rather thin and narrow market and one in which brokers honestly admit they have little idea about what is going on. For all that, two reasons for the financial rand's weakness do emerge.

In February last year the South African authorities accepted proposals by the De

Kock Commission to liberalise exchange rate policies which included allowing the financial rand to be used for the first time as a medium for direct investment.

The attractions for foreign companies who could put money into plant at the financial rand rate and then remit profits at the commercial rand rate were substantial.

In the first flush of enthusiasm money poured in. Applications totalling over R600m were approved and among them were companies like Volkswagen and BMW who were keen to establish car assembly facilities in South Africa.

But in recent months the amount of foreign money coming into South Africa has fallen away. The explanation given by the South African authorities is that this is because the first hectic phase of investment has now been completed and there will now be a lull before it picks up for a second phase.

However, overseas companies have also been disturbed by South Africa's growing labour militancy and recent wave of

## CURRENCY

MATTHEW SYMONDS

strikes. As one London-based analyst said: "I would not say that companies have decided not to invest but for the moment they want to wait and see."

The other influence on the financial rand has been a sudden spate of gold share sales in New York where about 25 per cent of all South African mining shares are held. Two influential analysts, James Sinclair and Rees Schager suddenly went bearish on the view that gold had had a good run and that the next cycle was at least a couple of years off.

Unless the political situation suddenly deteriorates it seems unlikely that the financial rand will fall much lower. With South African industrial shares booming and gold shares showing a prospective yield of 20-25 per cent there is still enough to attract investors who allow for some risk premium.

## An Al Hallmark

## LLOYD'S

ERIC SHORT

MEMBERS of Lloyd's, that unique City insurance institution have to put up all their assets to cover future liabilities, and a large portion of those assets have to be physically deposited with Lloyd's. But the Committee of Lloyd's is now tightening up on these deposits to ensure even greater security, thereby imposing certain financial planning problems for new members.

From 1981, a new member will have to deposit assets up to 25 per cent of his underwriting capability and one-quarter of the deposit must be in what is termed "fallsafe" securities—that is securities that are readily realisable, such as cash, bank and building society deposits, bankers' guarantees, short gilts and so on.

But by their nature such assets only produce income, and offer little scope for capital growth. And for members subject to higher rate tax—the great majority—such investments are therefore tax inefficient. Two Scottish life companies—Scottish Provident and Scottish Equitable—have now come up with a solution which meets the Lloyd's requirements of security and liquidity for "fallsafe" securities.

A traditional with-profits life contract offers a useful level of

guaranteed capital growth, together with tax efficiency on the capital accumulation and tax efficiency on the capital accumulation and tax credit on the premiums.

Under Scottish Provident's Hallmark contract, an investor puts up a lump sum which pays the first annual premium on a flexible endowment contract, with the balance buying a temporary annuity. The annuity payments fund the remaining premiums on the endowment. The endowment has guaranteed cash-in values from the 10th policy anniversary up to the 30th, to which bonuses are added. Premiums cease after 10 years. All sums paid from the 10th year are free of tax, so the investor has his capital accumulated at the lower tax rates paid by life companies. The Hallmark contract is the with-profits version of a maximum investment (greenhouse) plan.

Above all, Scottish Provident guarantees to Lloyd's that in the event of loss by the member, it will provide capital up to the

original amount invested. For example, suppose a member has an underwriting capability of £400,000. He has to deposit £100,000 with Lloyd's of which £25,000 must be in "fallsafe" securities. If he covers this with a Hallmark plan, his £25,000 can be expected to grow to £47,800 at the end of 10 years on Scottish Provident's current interim bonus rates, a net return of 6.7 per cent.

If Lloyd's call on the policy to meet liabilities, then Scottish Provident guarantees that the surrender value will be at least £25,000. After 10 years, the member has a variety of options, including withdrawing his surplus capital. This gives a flexibility that other cash assets do not have.

Scottish Equitable, under its scheme with Lloyd's, offers either its 10 year with-profits Chequeplan or its flexible endowment Flexplan in a back-to-back arrangement with a temporary annuity. Under Chequeplan, premiums are paid for 10 years and the maturity value can be left on deposit until required. The company recommends members over 50 to use this policy.

For younger members, it considers the Flexplan to be more suitable.

## INVESTMENT TRUSTS

TIM DICKSON

push the Drayton team to change this image and what sort of portfolio will emerge, remains to be seen. Given the moderate size of the trust the scope probably exists for some sort of specialisation, such as small companies or special situations.

As for the reasons behind this week's development, Mr. Granville's observations will

give some comfort to defenders of the investment trust concept. "We take the view that closed ended funds do make sense for our private clients. In view of the trusts' ability to borrow they should be able to outperform portfolios which are not geared when equities are rising. We are putting our heads on the block a bit but we wouldn't have done it if we didn't think it was going to work." Apart from Mr. Granville's director's fees, Hoare Govett will also no doubt get some of BIGIT's business and, perhaps more significantly in the longer term, the prospect of a closer relationship in other spheres with Drayton Montagu.

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(If there are joint applicants all must sign and attach names and addresses separately.)

GARTMORE



## BOOKS

## Bright star

by GEORGE MALCOLM THOMSON

Raymond Asquith: Life and Letters  
by John Jolliffe. Collins, £10.95, 311 pages

The life was short. The letters are brilliant. They sparkle with wit, high spirits and a flair for the unexpected. They are not always kind, not often discreet, sometimes downright snobbish.

They are, remember, the letters of a young man writing to amuse and—why not?—to impress a very special audience, made up, for the most part, of a close chum from Winchester and two beautiful and intelligent girls, Katherine Horner whom he loved and married, and Lady Diana Manners, with whom, I think, he fell in love. If he did not, he must have been an ass.

Here, then, is life as it was lived before World War I in the mansions of the rich and the colleges of the learned: e.g. All Souls, 1903.

"I was up until four this morning watching Stepmey and Cantuar—both drunk—trying to cheat one another at poker; it was a very even match for the Stepmey was far more cunning, Cantuar was far less drunk."

A glimpse of the Sidney Webb.

"He like a pawnbroker in appearance, she a woman of great beauty and charm with a most lustrous eye... She never says silly things about the lower classes as most Socialists do. She told me she had everything she desired, work, exercise and

love... I could not help puzzling myself a little when my eye strayed over him."

In more serious vein is an estimate of Lassalle:—

"The most attractive of the insatiable democrats, worthy to take his place in the triumvirate of great Jews, with Dizzy and Heine, a great reformer but, having just that tinge of insincerity which saves great reformers from being great bores."

A visit to Rosebery at Dalmeny: "A regular stucco castle full of Reckitts-blue carpets with silver stars. Rosebery has execrable taste in these matters." Lord Haldane, bathing, excites wonder:—

To see this vast white shape with the brain of Socrates and the shape of Nero sporting fantastically in the water with a divinely beautiful girl recalled the sunniest days of the Roman decline."

When he meets Katherine Horner and falls deeply in love with her, the letters become more eloquent and vivacious than ever. "Blanche Stanley asked me many questions about you at dinner," he writes. "I said you were good-looking, intelligent and shy. I had the same feeling I have when Lady Sassoon says to me: 'Don't you think Plato an interesting philosopher?'"

Sometimes satire dries up and poetry remains:—

"I am sitting on the green seat at the end of the garden; why don't you come gliding on your little high feet down the path between the box hedges with a red rose in your hair and your eyes like

dark dew in the early sunlight."

The letter soars to even greater heights. "Some day," the lover says in another letter, from All Souls, "I will show you the Great Bear wheeling round the spire of St. Mary's as you can only see it from the quadrangle of this College; it forms a severe and glorious diadem for the brows of those who fell at Agincourt."

Raymond was forging ahead at the Bar, "a lean epistolical business," and in politics, "a wordy wrangle," when the war came and changed everything; he found himself unsuccessfully defending at a court martial Sir Iain Colquhoun of Luss, a captain in the Scots Guards who had allowed his men to fraternise with the Germans at Christmas. Colquhoun was,

"a perfect man of his type, insolent, languid, fearless and of a virile elegance which is most engaging. I give him top marks for deportment, especially in the dock where few look their best."

A few months later, it all ended. The Grenadiers were launched in an ill-planned attack and Raymond was killed. If he had lived, if the German bullet had not found the mark that September day in 1916, what would he have become? Lord Chancellor in the National Government of 1931? Vice-Chancellor of Oxford? Who can say? Solid, even brilliant success for him? Or would he have been the legend? Without Zutphen, Philip Sidney would be remembered as a successful Master of the Ordnance who fascinated the



Diana Manners in 1914: recipient of letters from Raymond Asquith

Queen. And hardly the legend he has become. "Shelley's father," says Raymond "would rather than little Bysse had made 100 at Lords instead of writing Adonais."

But how wrong, how morbid, it would be to prefer a legend to life. It was wrong of the statesman to send millions of young men to be killed in battles which the generals, poor devils, did not know how to fight. It was wrong of Europe to commit suicide. It was wrong to select with deadly accuracy, the best so that they could be killed first. But it was right, a thousand times right, that the finest—the élite—should want to go.

And, as it happens, Raymond Asquith, brightest star among

the golden youth of 1914, has left something more than a legend. Not the sober judgments and acts of statesmanship which, had he lived, he might have achieved, but this sheaf of magnificent letters to prove that the legend is not fool's gold.

John Jolliffe, his grandson, proud, tactful and adroit editor of the letters, concludes by quoting Milton: "Nothing is here for tears." etc. Not so, surely not so! The comfort is too feeble.

For Lycidas is dead, dead ere his prime. Young Lycidas and hath not left his peer.

But the letters remain, testimony to a squandered, but not a wasted, life.

## Quick, quick, slow

by MICHAEL HOLMAN

With the People  
by Maurice Nyagumbo. Allison and Busby, £9.95 (paperback), 23.95, 248 pages

One Friday morning in Cape Town, South Africa, a young black Rhodesian bought a new frock for his girlfriend and that evening the couple were runners-up in a multiracial ballroom dancing championship presided over by Victor Sylvester. Thirty years later Maurice Nyagumbo was in Salisbury Central Prison, condemning the Lancaster House settlement talks in a letter to a friend as a "sheer waste of time."

Fortunately he was proved wrong. Released in November last year, he played an important role in the successful election campaign of Robert Mugabe's Zimbabwe African National Union (ZANU) and became Minister for Mines in the country's first Cabinet.

With *My People* is the record of an extraordinary man who ran away as a schoolboy from his home in what was then Southern Rhodesia and for most of the next 15 years worked as a waiter in various South African cities. He charts his own political awakening, from a preoccupation with ballroom dancing at a time when many of his friends were politically active, to a commitment to the liberation struggle in his home country which saw him spend all but 30 months of the past 20 years in prison for his activities.

Within months of his return to Salisbury in 1955 Maurice Nyagumbo devoted himself to

the nationalist cause. He has been an insider during some of the key developments in black politics: the formation of the Youth League (with characteristic frankness he describes himself as a "fool" for not attending the inaugural meeting of the League); the bus boycott of 1956; the election of Joshua Nkomo as President of the Southern Rhodesia African National Congress in 1957; the split in the nationalist movement in 1963 which has yet to be healed; the ousting from ZANU leadership of Rev. Ndabaningi Sithole by his fellow prisoners in 1974 and his replacement by Robert Mugabe; and the release of detained nationalist leaders later that year for the historic meeting in Lusaka, Zambia.

But while one admires what a friend describes as "a quality of indomitability" about the man, the book remains disappointing. As an autobiography it is pedestrian; it offers remarkably little about the life behind bars of the men who are today Zimbabwe's leaders. Nor is best use made of Mr. Nyagumbo's role as a political insider who has the material on which to base a fascinating account of nationalist politics. Important events are sometimes skated over—such as the strike at Wankie Colliery and the decision by the then Prime Minister, Garfield Todd, to send in the troops. Many references to events and personalities will mean little to readers without a specialist knowledge.

One longs for Mr. Nyagumbo's observations about men he must know well, such as Robert Mugabe himself, Rev. Sithole, and the late Prime Minister, Ian Smith. Some of these problems must be due to the circumstances under which the book was written. Two earlier drafts were confiscated by prison authorities, and the editing of the book took place while Mr. Nyagumbo was still in prison—which perhaps also explains why the book effectively ends in 1974.

Brief extracts from more recent prison letters do not, alas, make up for this gap which covers traumatic years for black and white alike. Nor are Mr. Nyagumbo's observations on the war helpful, marked by the tedious rhetoric which is all too often found in ZANU and ZANU publications. What is one to make of: "Vakomana (guerrillas) should acquire an inexhaustible capacity for patience to enable the masses to grasp consciously the logic of chimurenga (war)?"



Maurice Nyagumbo: from ballroom to prison

Joshua Nkomo—and wishes that the treatment of the ZANU-ZAPU split was less partisan.

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## Rights and wrongs of the matter

by DIANA RAWSTRON

Enacting a Bill of Rights: The Legal Problems  
By Joseph Jaconelli. Oxford University Press, £14.00, 328 pages

The debate about a Bill of Rights has focused largely on the issue of whether such a document should be adopted as part of our constitution. Would a Bill guaranteeing certain fundamental moral rights secure individual freedom and protect minorities from the abuse of majority political power? This book moves on to the next stage of the discussion and provides a comprehensive examination of the problems of actually enacting a Bill of Rights.

In the first place there is a problem in determining what rights should be protected. Apart from the traditional freedoms of speech, assembly, personal security and property,

emphasis is placed today on social and economic rights such as the right to work, education, health and a decent standard of living. The extent to which these latter kind of rights can be protected is questionable.

One advantage of incorporating the European Convention on Human Rights into our domestic law (a proposal which the author in fact rejects) is that it would curtail argument about what rights should be contained in any Bill.

However, most of the book is devoted to a detailed discussion of the procedural problems which would arise from the various constitutional models available rather than the rights to be protected. The author's analysis is rigorous. He scrutinises carefully several systems of political and judicial review for testing the compatibility of legislation with the provisions laid down in a Bill of Rights. An

internal political review would require the Parliamentary Commissioner or the Speaker to certify that a proposed measure complied with the requirements of the Bill of Rights.

Alternatively an external Human Rights Commission could investigate all complaints of breaches of the rights and could report to Parliament, which would have the responsibility of remedying the breach. There are various possible forms of judicial review from a direct power to annul unconstitutional legislation to less direct methods.

There is a particularly interesting chapter on the problem of entrenchment. Under our law no Parliament can legislate in such a way as to bind successive Parliaments as to the form or content of later legislation. If two Acts of Parliament conflict, the later repeals the earlier. In most countries where there is a Bill

of Rights there is an attempt to entrench it in order to exempt it from the ordinary legislative processes of repeal and amendment.

The author draws on the constitutions of several other jurisdictions in the course of his arguments. At times it is not readily apparent why he draws such a fine distinction between one point and the next, but his attempt to consider the issue in a political context is interesting even if a little ingenuous. As a result, the draft Bill of Rights with which the book concludes is an uninspiring affair as it represents the lowest common denominator of acceptability across a broad range of political views. The rights declared in it are limited and the only protection of them is that an Act of Parliament would have to state expressly if it derogated from them. The ultimate safeguard therefore would be public opinion which would be alerted

if a government continually tried to use the derogation formula in its legislation.

The author claims that the book does not argue the case either for or against a Bill but confesses his doubts about what one would achieve, and his draft demonstrates, if one accepts his ideas about what is politically feasible, that it would be little. I wish he had been less cautious and had provided a more stimulating example for discussion, but overall the book is a most worthwhile and scholarly work.

## Adman's progress

by DEBORAH PICKERING

Nobody Else Is Perfect  
by Charles Hennessy. W. H. Allen, £6.95, 336 pages

A peasant in a Savile Row suit, sporting nobility of semantics, and furnished with top-drawer humour is a truly rare creature. This rare avis says he was born an aristocrat. "My parents, being peasants, were naturally a disappointment to me"—but writes almost guiltily of going through the front door.

He has, however, not disappointed himself, according to this chronicle of his success in

the curious world of advertising. He identifies with that school of brilliant achievers which functioned in the 50s, enhanced the 60s and hallmarked the 70s.

Readers of the middle-age middle-class genre will no doubt identify, too, with the man (if not his arcane profession) and nostalgically enjoy early chapters on Oxford and London bed-sitterland—the one-good-suit graduate tapping on doors with a thin curriculum vitae but with what is now known as a lot of bottle.

I never believed that the advertising profession could be

as magnificently dilettante, side-splitting and immensely rewarding as Fleet Street. It appears to come a good second in Hennessy's tribute to men and women who "revealed extraordinary capacities for leadership, management, future planning, clear exposition or creative inspiration and spell-binding presentation."

Flannery O'Connor's *A Good Man is Hard to Find* and other stories, reviewed in hardback last week, is also available in paperback from The Woman's Press at £2.50.

## Heyerdahl puts to sea again

by DAVID BLACKWELL

The Tigris Expedition  
by Thor Heyerdahl. George Allen and Unwin, £7.95, 333 pages

Thor Heyerdahl's expeditions in reed ships always call to mind Edward Lear's Jumbies—"In a sieve they went to sea." Ancient ship designs did not have many advantages, but the sailors were at least spared exhausting hours at the pumps. Tigris, ungovernable in a severe storm in the Indian Ocean, was shipping tens of tons of water, but it ran straight back into the sea through the bottom.

Tigris crossed the ocean safely, fully justifying Dr. Heyerdahl's confidence and vindicating his theory that the Sumerians were much more mobile 5,000 years ago than we

credit. It is a fascinating story of enterprise, history, adventure and detection, and the arguments are backed by beautiful illustrations.

The ship was built from bundles of reeds, which grow in the marshes where the Tigris and Euphrates rivers meet, at the cradle of civilisation, in southern Iraq. The Marsh Arabs held the key to the buoyancy of reed bundles; the reeds had to be cut in August if they were not to become waterlogged.

The difficulties overcome in constructing the ship at all are matched only by the problems of learning to sail her. In addition to the "natural hazards" of the sea, Tigris survived hazards unknown to the Sumerians—towing by 17,000-ton freighter, chemical and oil pollution, ramblings, and

narrow squeaks with super-tankers in congested shipping lanes. But for five months and 4,200 miles she sailed, and the crew became proficient enough for Dr. Heyerdahl to assert: "We were masters of our progress."

The route taken linked Sumer, home of Tigris, with Bahrain (known to the Sumerians as Dilmun), and Oman, where Dr. Heyerdahl is convinced he found the ancient copper mines of Makani, which used to supply both Sumer and Dilmun. In both countries, he found Arabs still using boats made of palm stalks and similar to his own vessel's construction.

Tigris sailed on to the mouth of the Indus river in Pakistan. The crew visited the Indus Valley site of Mohenjo-daro, a city contemporary with Sumerian civilisation and identified as

part of Meluhha. There they found a seal showing a reed ship, and berdi reeds were growing by the river.

The longest leg of the journey was 1,300 miles across the Indian Ocean to Socotra, off the coast of the Horn of Africa, with not a ship to be seen and an abundance of marine life for company. "We had this strong feeling that only life in the wilderness can give, of time fading away, and past and present becoming one."

Tigris sailed under the United Nations flag with a multinational crew of 11. When she reached the troubled African coast of Djibouti, only the small republic of Djibouti allowed her to land. She was ceremoniously burnt in protest against the accelerating arms race and the fighting in Africa and Asia—a sad end to a magnificent voyage.

## Italian point of departure

by WILLIAM WEAVER

Flight from Torregreca  
by Ann Cornelisen. Macmillan, £7.95, 304 pages

Torregreca  
by Ann Cornelisen. Macmillan, £7.95, 335 pages

Ann Cornelisen's *Torregreca* came out some dozen years ago (and is now happily reissued, to coincide with the publication of her latest book), and it made an immediate, profound impression. It was—and is—the story of a large, remote, in some ways primitive, town in Basilicata, the least-known region of Italy, the instep of the boot. But it was

not only the story of the town: it was, more cogently, the story of the author's relationship with that closed, needy and yet hostile, starving and yet proud, world. For Ann Cornelisen was not a reporter who had gone to the place she calls Torregreca (to protect its true identity) in order to write a book; she was a social worker who was settled there to start a day nursery on behalf of the Save the Children Fund. Helping the children and, coincidentally, their parents came first: the magnificent book was a by-product.

And her relationship with Torregreca has continued. In the course of setting up her school,

she formed lasting friendships with the Torresi, not so much with the local establishment—the mayor, the religious authorities, the doctors and lawyers—but with the poor majority. Though she eventually moved north to Tuscany, she maintained those friendships, returning to Torregreca for the usual weddings and christenings and funerals, and for the lavish, absurd *fiesta* of mid-summer. She returned, too, to write another book, *Women of the Shadery* (1976), basically the life-story of half-a-dozen women of Torregreca, whose existence—as Ann Cornelisen portrays it—contains the ingredients of heroism and, at the same time, exemplifies contemporary life among whole strata of southern Italian society.

The original (American) title of the new book is *Strangers and Pilgrims*, quoted from the epigraph (Hebrews 11:13), which speaks of those who "died in the faith, not having received the promises, but having seen them afar off." The British publishers have, understandably, called the book *Flight from Torregreca*, equally accurate, if less poetic. This time, in fact the author uses Torregreca as a point of departure; and setting out from there, she follows a selected group of exiles, friends and acquaintances, to their

foreign jobs, in the cities of Germany—Düsseldorf, Offenbach, and others—and in Turin, equally alien to a southerner.

Italy's migrant workers, the *Gastarbeiter* of Germany, Switzerland, Belgium, and the north, have been the subject of sociological surveys, statistical calculations, and also of political polemics. International friction. Cornelisen knows the statistics (and quotes them when necessary), but she was visiting human beings. She translates bald numbers into Edda and Michele and Pasqua, you learn what those statistics eat and wear, how they educate their children, what they dream about and fight about. And, at the same time, the author does not separate herself from her subject; the book is also autobiographical. Her trip was also a voyage of self-discovery, and the non-Italian, cultivated reader will identify with her and be grateful for her interpretative presence.

There are scenes of high comedy (the description of a bunch of Torresi in a German supermarket is anthology material) along with the poignant evidence of alienation. Throughout, there is mercurial warmth, as welcome as the elegant, but never detached prose.

## Brazilian Agriculture &amp; Commodities

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## HOW TO SPEND IT

by Lucia van der Post

## On the Move

One of the joys of the British summer is that in towns and villages up and down the country there is a whole host of activities to be enjoyed, ranging from small craft shops to be visited to the many small festivals that make their annual appearance. It's the time of year when many of us visit other parts of the country and so this week it seemed a good idea to look at just a few of the out of the way places that are worth a visit. Those who live in the localities will obviously already know of the activities and exhibitions on offer but for those passing nearby some may perhaps tempt readers to linger a little longer.

An essential guide for those who are

interested in the crafts and like to visit workshops when in different parts of the country is a guide issued by CoSIRA called *Crafts Workshops in the English Countryside* which costs £1.25 (p+p 40p) direct from Council for Small Industries in Rural Areas, 141, Castle Street, Salisbury, Wiltshire.

Those wandering in the West Country might like to know that for only 20p (including postage) there is a very informative leaflet showing crafts shops in Devon that can be visited. Besides a map, there are all the other details the visitor needs to know like opening hours, telephone numbers and the descriptions of the crafts. Buy it from: Craftguides, 11, Overlands, North Curry, Taunton, Somerset.

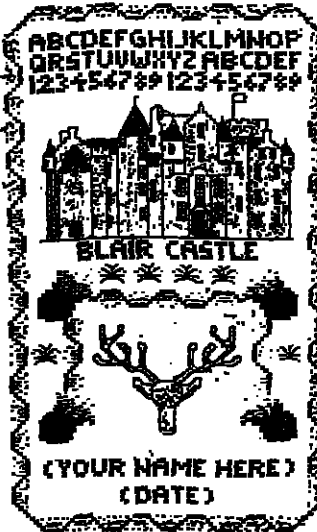
Mary Gostelow is a very distinguished writer on embroidery and needlework of all sorts (her "Art of embroidery: great needlework collections" in Britain and the United States) and is an established authority on the subject) and for those who have been captivated by some of our historical buildings she has translated a number of these buildings onto linen. All the buildings have been produced as accurately as architectural correct as linen and thread will allow. Each design also has suitable motifs and patterns, worked into the sampler and each comes in kit form, ready for the enthusiast to start working on.

Mary Gostelow calls the range "Historical samplers" and envisages that some enthusiasts might like to collect the whole series. There is Westminster

Abbey (showing the West Front, the Abbey's crest and poppies from the Tomb of the Unknown Soldier), there is Blair Castle (the sampler is photographed here), Hardwick Hall, Broadlands, Montacute House and Wells Cathedral. Each measures 27 cm by 15 cm (10 1/2 in by 6 in) and each costs £6.32, either from the site in question or from Samplers, 49, Milton Abbas, Blandford, Dorset. Price includes postage and VAT and Mary Gostelow will gift-wrap them for no extra charge.

With each kit comes all the linen, threads, needle, instructions (including those for filling in your name) and a full-colour photograph and historical background of the house.

Further kits, like Edinburgh Castle, the Tower of London and English Flowers are only available by post.



ANYBODY travelling in the beautiful countryside of Devon might be surprised to know that in a highland glen, less than a day's strolling distance from Balmoral, is a fine-art gallery run by (and here I have to declare an interest) Peter and Dorothy McEwan, who are the parents of Fiona McEwan, who works with me on this page. Remote though the gallery may be, visitors from places as far apart as Latin America and Russia, Japan and Switzerland, manage to find their way to its doors.

The gallery specialises in Victorian, later Continental and Scottish paintings and,

though many of the paintings are becoming increasingly valuable, you could get away with spending as little as £25.

Those who might be in Ballater later this summer will catch the first exhibition of wildlife paintings by James Renny, said to be one of our most up-and-coming wildlife artists. Tomorrow the Duke of Edinburgh will be making a private visit to open the exhibition and from then on collectors and enthusiasts will be welcomed.

As you can see from the accompanying photograph of James Renny's painting, Golden Pheasants, his work is not only immensely detailed

and accurate but eminently decorative and easy to live with, too. He has already done a number of important works for the National Trust for Scotland and prices of pictures at this exhibition range from £300 to £1,250.

Besides paintings, the gallery specialises in old natural history and sporting books and it issues a mail order catalogue four times a year. The current catalogue is available free on receipt of a large s.a.e. The gallery itself is in part of the McEwan's family house and the address is The McEwan Gallery, Bridge of Gairn, Ballater.



ANYBODY finding themselves in London during the period from 21st August to Saturday, 23rd August, and in search of something interesting to do, could do worse than go along to the Wembley Conference Centre where one of the largest craft shows ever put together will be taking place.

Almost every conceivable craft (and some fairly strange ones, too, come to that) will be on display. Not only will people actually be demon-

strating how to turn the wood, or throw the pot, or weave the wool, but anybody having any kind of difficulty with their chosen craft can seek out specialist advice.

The exhibition opens at 12 noon on 21st August and is open that day and the following until 8 pm. On the 22nd it opens at 10 am and on Saturday 23rd it will open from 10 am to 5 pm. Admission for adults is £1, for children under 14 and pensioners 60p.



NEWCOMERS or visitors to London should make a point of paying a visit to the Design Centre at 25, Haymarket, London, S.W.1. Although in my view it is always worth visiting from time to time, until 8th September there is a special exhibition of very interesting, innovative work by three young designers working in crystal. All three were trained at the Stourbridge College of Technology and Art and all three, under the patronage of Royal Brierley, have been exploring techniques that used to be used in Britain's glass factories many years ago but had virtually disappeared.

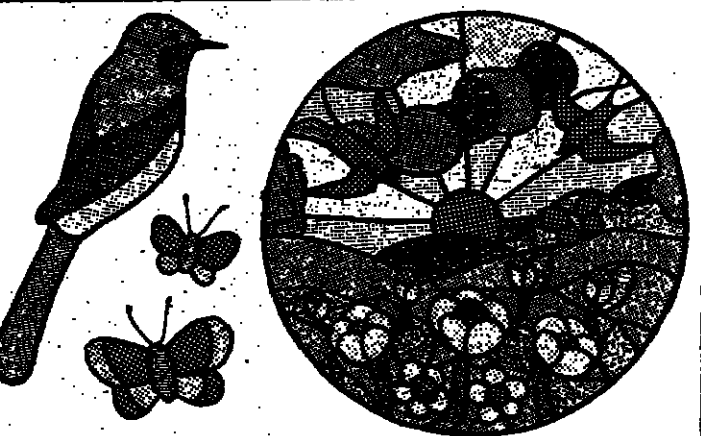
Ruth Cummings and Stuart Garfoot, both explore the possibilities of molten crystal glass, either leaving it to flow over natural patterns, like leaves or flowers, to produce their decorative effects or else using

metal grids and patterns inscribed in graphite to obtain their effects.

A 19th century glass press discovered at Royal Brierley's crystal factory encouraged them to revive the art of crystal pressing. The third designer, Catherine Hough, specialises in decorative blown crystal which she then decorates by more traditional methods.

Her bottle and bowl in green crystal are shown photographed here. The attractive textures were achieved by sandblasting and acid polishing the surface while the mottled pattern on the bottle was formed by enamelling globules of crystal on to the surface.

Anybody interested in the techniques involved in producing decorative glass would find it well worth while looking in on the Design Centre before 8th September.



MOST of us normally think of stained-glass windows as a distinctly medieval occupation linked with overtones of religious ardour. However, in the heart of Somerset, Fran Johnston has turned it into a most secular and up-to-date activity. She seems to have a joyous approach to life—all her work is full of colour, of sunshine, of birds and butterflies, living, growing things.

Besides working for special commissions — and the examples of these that I have seen have been stupendously original and colourful — Fran Johnston has a number of standard stained-glass items that can be bought by post. Nearly all of them are taken from nature — a brightly coloured Scarlet Macaw, a blue and green Lapwing, a snugly curled cat, a pair of

Mallards, a Blue Tit with some peanuts, several butterflies, some toad stools, and so on. All the stained-glass is hand-blown and is set into leaded panels which are ready-wired for easy hanging — hang them on windowsills and give pleasure to passers-by as well as to those living inside the house.

If you are down Somerset way you can call in and see Fran Johnston at work at Unicorn Glass Workshop, Tooses Farm, Stoke St. Michael, Nr. Bath, Avon. If you don't happen to be travelling in the area but the idea of her work appeals to you write to her for her full-colour mail order leaflet. Prices for the small single pieces are very reasonable, starting at £5.95 for the wren and going up to £15.95 for the pair of mallards.

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**Le Feu de Bois**

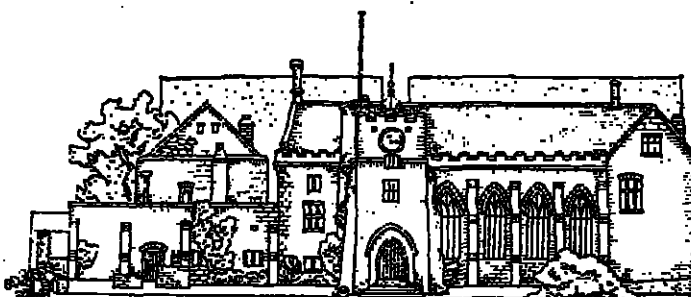
THERE CAN be hardly anyone in England who has not heard of the enterprise Dartington Hall Trust, near Totnes in Devon, whether of its school, rural crafts and industries, glass works or string quartet, but if you haven't visited it in years, you might be surprised at how it has changed and grown.

For some time there's been a craft shop at Shimmers Bridge in Dartington village itself which has been a show place for the work of a wide range of artist craftsmen.

Where there was once a single shop there is now a pleasant spread of buildings, old and new, which house a variety of arts as well as crafts. The wood and slate facades of the new ones fit in well with the old, adapted as shops and galleries, with exposed beams and white-painted brick walls. The light and airy new craft shop and gallery is a particularly good showcase and holds special exhibitions by craftsmen such as Michael Chesson. There's also a branch of Cranks, the health food restaurant, to revive exhausted shoppers and browsers.

The whole complex is called the Dartington Cider Press Centre, and the old press is set in the outside wall of the

## Going West?



restaurant; you can drink Dartington's own cider and apple juice with your salad or vegetable dish (and take home Doris Grant loaves—with the recipe thrown in).

The restaurant has wide views over the countryside through its big windows, but it's conducive to intimacy as well as family relaxation. One glamorous couple were locked in what might have been a proposal, a serious discussion of how to furnish their house or a dejected de rupture (I never did decide which).

Their needs would have been easy to meet in the craft shop next door: a magnificent grey-pearl Gerda Flückinger ring,

woolen rugs and bedcovers or elegant woollen garments to console their loneliness. The roomful of Dartington glass includes seconds for bargain-hunters, and a vast array of domestic and decorative pottery by David Leach, Marianne de Trey and Seend Bayser, as well as some appealing old-English slipware by Mary Wondrausch. Do-it-yourself fiends can buy wool and a loom, pottery wheels and kiln, raku kilns, along with books to tell them how.

The original Dartington Hall shop sells something from each branch of the Dartington business chain including lengths of tweed, capes, jerseys and jackets for striding over the

moor in, as well as beach cover-ups and smocks for less brooding pursuits. A mixture of bags, belts, baskets, tablemats, kitchen gadgets, cards, books and yet more pottery will grab your attention. The goodies at the Tridias toy shop range from outsize Paddington bears to small wooden trains.

If you need more sustenance, go to the farm shop where you will find quiches, chicken pies, pasties and cheese to take away made lovingly by local hands, along with that cider and apple juice and preserves galore.

The Cider Press Centre is a happy but de promenade all the year round, and not only to the serious shopper. In summer you can picnic and follow country trails when you are spent, up at Christmas there is plenty of free jollity, and just before Easter you get daffodils with anything you buy.

Nearby, you can also visit the Dartington Hall tweed mill and shop (telephone Totnes 862796) and 50 miles away, the Dartington glass factory and shop (telephone Torrington 2521) though it is best to ring first to check opening times. For general information on any of the Dartington Hall ventures, ring Totnes 864171.

JUDY WHALE

## Party Piece BY JULIE HAMILTON

MY MOTHER on the phone. "Darling, I am giving a surprise birthday party for Michael" (Michael Foot, my step-father). "Can you help?"

"Of course," I reply, little knowing what I am taking on. My mother is planning a sit-down meal for 28 and would I like to make the birthday cake. Well, not a cake really, but a gâteau that would be my birthday present to Michael.

Yes I would, but 28 of my stepfather's political and jour-

nalistic friends are quite a different kettle of fish from my normal dinner parties.

Twenty-eight portions, that is a pretty big cake. Shall I make four square cakes and join them? Should they all be the same? How about a walnut gâteau, a hazel nut, a chestnut and an almond, all stuck together? No, that is not quite right. The gâteau must have plenty of layers, it must be colourful and it must be different.

At last I have it. I will make

four seven-inch round gateaux and join them like two figures of eight, crossing one another. Each cake will have four thin layers, two of plain lemon sponge and two of hazel nut and chocolate sponge.

The cakes will be filled with layers of cream cheese, cream and alternately raspberries, Michael's favourite fruit, strawberries, redcurrants and blackcurrants.

The four cakes will be placed together, the central cavity between them filled with com-

bined crushed meringue and whipped cream, the whole being covered with a butter cream icing to make it look like one cake.

The top will be decorated with frosted fruits to denote the flavour inside each section.

I need a cake board, approximately 2 ft by 18 in. My local DIY shop supplies me with a piece of melamine chipboard, which is ideal. Now all I need is plenty of time and a safe, smooth journey up to town with my creation.

## Michael's birthday gâteau—serves 28-34

I made the sponge layers a few days in advance and put them in the freezer until I was ready to fill them.

For the lemon sponge layers: 6 large eggs separated; 4 oz granulated sugar; 4 oz self-raising flour; 1 teaspoon finely grated lemon rind.

For the hazel nut chocolate sponge layers: 4 whole eggs plus 3 egg yolks; 6 oz hazel nuts finely ground; 10 oz sugar; 3 oz Menier chocolate; 2 heaped tablespoons self-raising flour.

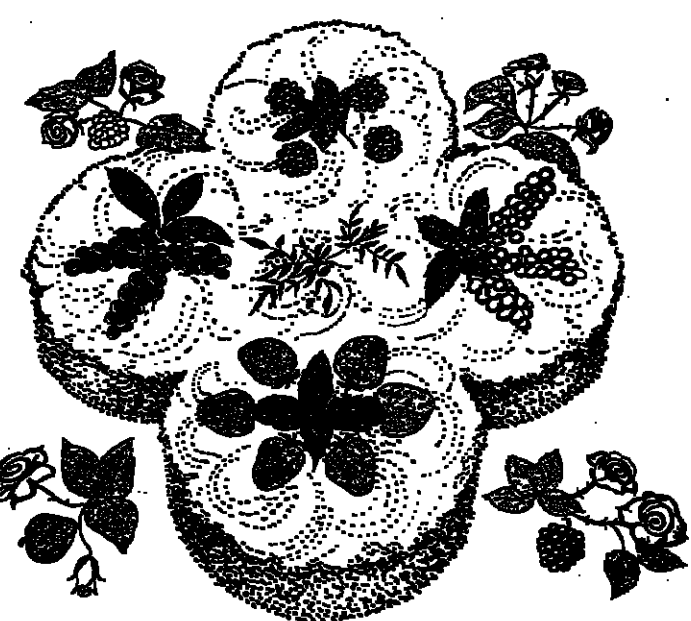
For the filling: 2 lb double cream; 1 lb icing sugar; 1 pint double cream; 1 lb raspberries; 1 lb strawberries; 1 lb redcurrants; 1 lb blackcurrants; 3 or 4 marigolds.

For the butter cream icing and decorations: 2 lb icing sugar; 1 lb butter; 2 or 3 tablespoons lemon juice; 8 small flowers (could be bourbon roses); 8 or so small sprigs of mint; 8 or so small hazel sprigs; 2 summer jasmine flower sprays with leaves; 3 clusters redcurrants; 3 clusters blackcurrants; 3 or 4 firm raspberries and strawberries with stalks; egg white and caster sugar for frosting.

If you intend to make the gâteau all in one day, you will need to rise early and start by frosting your decorations to give them time to dry out before you need them.

To make the decorations: lightly beat the egg white and brush each item of decoration with it. Dredge thoroughly with caster sugar which are stuck in a warm place to dry. I advise frosting more than you need to allow for possible damage when handling.

To make the lemon sponge layers: pre-heat the oven to gas mark 4 (350°F). Flour and grease two seven-inch sandwich tins (or more if you have them). Beat together egg yolks,



Drawing by Celia Baker

sugar and lemon rind until they are very pale and creamy. Whip the egg whites until very stiff and slowly fold them into the egg yolk mixture, sprinkling in the twice-sifted flour as you fold. You have to make eight thin sponges out of this, so mentally divide the mixture into eight as you go. Place approximately two or three tablespoons of the mixture in each sandwich tin and carefully spread it out. Bake for approximately 10 minutes, turn out with the aid of a spatula on to a cold flat surface and repeat the process until you have eight thin lemon sponges.

To make the hazel nut chocolate sponge layers: cream together the whole eggs and the yolks with the finely ground hazel nuts, sugar and chocolate, which you have softened over a very gentle heat.

Slowly add the flour, divide and bake for approximately

15 minutes and turn out to cool as above. (It is possible to freeze these sponges now if you want to. Place a piece of grease-proof paper between each and put them in a tin or box.)

Decide how you are going to arrange your four cakes on the board. It is important that they are all touching each other so that when you ice them they will look like one cake. I cut out four pieces of paper into 7-in rounds and played with them to find the shape I liked best. Beside each cake make a pencil mark on the cake board to remind you which round has which filling.

When you have iced it, it will be hard to remember, but you need to place the appropriate decorations on the top of each cake to denote the filling. Build up one cake at a time.

To make the sponge fillings: take 1 lb cream cheese, 1 lb one

of the fruit, 2 heaped tablespoons icing sugar and 6 tablespoons double cream.

Whip the cream until fairly stiff and combine it with the cream cheese, sugar and chosen fruit (if big strawberries, you will need to cut them up). Place one lemon sponge in position on the board and spread one third of the mixture on it. Cover with a hazel nut and chocolate sponge and repeat the process until you have four layers, ending with the hazel nut chocolate sponge, smooth side up.

Do the same with each different fruit.

Now to make the centre cavity filling: carefully cut off enough of the meringue to cover the top of the space. Stuff with the remaining cream and blend with the rest of the meringue, which you have crushed. Push this mixture into the cavity and place the whole piece of meringue on top, to make it possible to ice over it.

To make the butter cream icing: beat the butter until very creamy. Slowly (this must be rushed) add the sifted icing sugar and, half way through, the lemon juice. Starting with the sides, completely cover the cake with ice.

Place the frosted red currants and a mint sprig on the section filled with red currants. Do likewise, with the appropriate fruit, on each one.

Brush with egg white an area of each corner of the cake board. Dust with icing sugar and quickly place the remaining frosted decorations, roses and basil perhaps, on the egg white and sugar, so that it sticks to the board. Place the summer jasmine over the area filled with crushed meringue and cream.

New stand back and marvel at your creation. I promise you it will be a sensation at a party. It was at Michael's.

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## ARTS

## Shakespeare at Avignon

BY ANTHONY CURTIS

There is a new man in charge of the Avignon Festival this year. Bernard Fauriol d'Arlier, who has succeeded Paul Pons and the legendary Jean Vilar. M. d'Arlier has a subvention of FF 1,500,000 for productions, and receipts at the box office are estimated at over FF 2m, but he does not have an easy task. Where is the Avignon Festival going people ask him? Where are the new French playwrights? Where are the great performers to rival such as Gérard Philipe?

One of these, the actress Maria Caserès, whose performance with Vilar in *Marivaux's Le Triomphe de l'Amour* is still fresh in the memory of those who made a nostalgic appearance in one of the Festival's major productions, a French version of Shakespeare's *The Winter's Tale* in which she played the role of Time linking the two halves of the play.

Time has not blunted the cutting-edge of the voice that still haunts us in the film *Corbucci* and it would seem to have doubt reasonably kindly with the lady herself to judge from her appearance in the Maison Jean Vilar to sign copies of her memoirs, *Révérence Privée*. The title is a reference to her Spanish origin and long career in exile. She complained of the heat in Avignon in summer but is none the less a loyal champion of the Festival.

The general feeling among the regular attenders is that in a difficult transitional year M. d'Arlier has got off to a good start. The morning conferences with various film directors and the extensive film programme with screenings of the work of Scorsese, Altman, Schröder, Wajda and Godard have been much appreciated, and there has been as strong a contribution from visiting dance companies as from theatre groups. The *Jeuneur Muller* company (*La danse à l'état pur*) and the *Les Félons* dance company have both been seen in the Courtyard of the Palais de la Culture and the Ballet Theatre of Avignon and the Centre National du Théâtre Chorégraphique de la Seine have appeared in the Théâtre Municipal.

Although the Festival is strictly speaking confined to Avignon itself and d'Arlier's writ does not go beyond the circular walls of the city there are a number of other festivals happening at the same time throughout Provence which offer



The King and Queen played by students of the Théâtre-Ecole de Montreuil in Henry VI Part two.

the visitor with a car a remarkable choice from Vichy in the open air in the Roman amphitheatre at Orange to examples of the art of shadow puppets, marionettes and mime in the Châteauneuf at Villeneuve-Avignon.

The latter, which is only five minutes drive from Avignon across the Pont de L'Europe, contains a thriving festival of its own under the guidance of Jacques Rigaud with a special interest in ancient and contemporary music, "formes animées," and poetry. Evenings devoted to the work of Apollinaire and Lorca with members of the *Comédie Française* were most imaginatively conceived.

Here at Villeneuve as at Avignon the aim is to relate the Festival to its environment and to exploit the unique opportunities presented by the climate and the spacious ancient buildings. One building in Avignon that is not so spacious, nor does it have an open courtyard, is the *Condition des Soies*, a dome-capped tower looking like a huge kiln that feels like one after an hour or so. It was once a stock exchange for the silk trade. Here the Théâtre-Ecole de

Montreuil set up shop with their ambitious production of all three parts of Shakespeare's *Henry VI* translated into French. This is a student group whose members all have jobs. The school specialises in ensemble work and does not give credits for individual performances, merely listing the people taking part in the programme alphabetically.

The night I went they were doing *Henry VI*, part two, which is dominated by the arrival of Margaret of Anjou in England and ends with the rebellion of Jack Cade. Male and female roles were cast irrespective of the actor's own sex. The part of the King was played by a pretty girl, with blonde hair, whose looks gave a striking effect of high-born irresponsibility to her actions. Cade was a massive ogre of a man, swinging ape-like from the roof. The circular arena was sandbed (and is the in-thing for acting areas currently) and the production worked on several different vertical levels from the roof downwards. Actors walk off by sitting in a semi-circle in front of the spectators as well as using more conventional exits.

The multiplicity of parts and

episodes suited the company's needs and the frequent mention of France as the unknown quantity in the Wars of the Roses helped the audience to grapple with the muddle of the plot. Shakespeare's youthful "Marlovian" manner seemed to go well into French prose and provide opportunity in plenty for the violent style of speaking we associate with the theatre of cruelty. And not only the speaking, the trial of Gloucester's wife, the pulling away of the crucifix from the blind man claiming a miracle, the rambling of Cade's followers, the death of Clifford, were all played at full stretch. But what made it a rewarding evening was the disciplined group-work achieved by this young company, their power of suggesting such memorable stage-pictures (in the scene of falconry, for example) by the simplest of means.

M. d'Arlier's decision to invite these student performers to the Festival was fully justified by their work and it is to be hoped that we might see some of it in London before long where it would well suit an arena such as the Round House at Chalk Farm.

## Harrogate Festival

BY WILFRID MELLERS

Though it has been accused of being less enterprising than some, the Harrogate Festival owes its success to the unexceptionable fact that it pursues excellence as was evident in the two celebrity concerts that were its first major musical events this year. On August 3 Pincus Zukerman and Marc Neikrug gave a Beethoven recital delicately attuned to the Harrogate aura, for their performances were supremely civilised in presenting some of Beethoven's ostensibly least subversive music. The classical sonata, being initially harmonic and rhythmic rather than melodic in impetus, was not naturally sympathetic to the genius of the violin: which is why the early sonatas of Haydn make sense if played as piano solos, with a violin accompaniment added in case a suitable fiddle happens to be at hand. Even Beethoven's early violin sonatas are described as being "for piano and violin" and are less characteristically aggressive than his piano music of the same date. The Beethovenian qualities of his opus 12—of which Zukerman played no. 2 in A major—consist in their ironic modulations and in the privacy with which their rhythmic surprises, yet they preserve a aristocratic elegance in the spare keyboard texture that Beethoven considers a fitting complement to violin tone, and they include no

real slow movement, no rhetorical outbursts of passion. His opus 12 remains domestic entertainment music of freshly individual distinction, whereas his opus 13, the *Pâté* Sonata, is a call to arms.

Even the larger-scaled F major sonata, opus 24, is still domestic. It respects the soul of the violin in that its themes are often song-like, flowing in lyrical arches, accompanied by simple Alberti basses. Yet after the violin has sung the first vernal theme, the piano repeats it, decorated, while the fiddle provides the arpeggiated accompaniment. Moreover, though the tunes are song-like, they are not baroque heroic but have a popular flavour that eschews aristocratic pretension; the developments, through thin textures and sprightly rhythms, often debut conglutination in that modulations are abrupt, metres dislocated, and lyrical semiquavers turn into near-hilarious trills. Even the slow movement, an aria da capo of transcendent loveliness, is juxtaposed with a gossamer-textured scherzo, with its risible metrical displacements: while the rondo, though sonorous, is still more domestic in tone than the first movement, and pungently dramatic in its modulatory capers. Zukerman's clean, radiant tone and Neikrug's lucid if not always accurately

synchronised pianism were well adjusted to this music: perhaps a bit too well, for I missed the passionate sense of sturm und drang that should be latent even within Beethoven's most civilised music—a sense miraculously evident in a performance of the Spring sonata I recently heard by Menuhin and Kentner: in which the slow movement in deed carried us "out of this world" only to return us, in the finale, to an earth more warmly loving, yet never cosily predictable. After the interval Zukerman and Neikrug approached closer to the heart of Beethoven's last violin sonata, opus 96, composed when his style was in transition to the linearity of his last years. The sublime hymnic aria which is the slow movement seemed an inevitable fulfilment of the trill-garlanded lyricism of the first movement, and the trenchant wit of the scherzo prepared the way for the Edenically folk-like innocence of the finale. The return from the seraphic adagio variation to the original perkily popular tune (in the wrong key!) was exquisitely handled; the ultimate diaphanous presto made manifest how, in Blake's phrase, "He who catches a joy as it flies lives in Eternity's sunrise."

Alicia de Larrocha's piano recital on August 1 also flourished only in its second half. If the first part surprisingly sounded a little bland, that was

the fault of the music, not the pianist. The finely incisive Soler sonatas, though far from bland intrinsically, are inevitably emasculated in being translated from plangent harpsichord to mellifluous piano; and de Larrocha's piano music (though it was interesting to hear the rarely performed *Fantasia Boiciana*) no longer seems to have enough intrinsic musical vitality to sustain nearly half a programme. After the interval one heard why: Granados's *Goyescas* use their superbly virtuosic pianism in the interests of haunting, marvellously shaped tunes, supported and given direction by the ripe chromatic harmonies; while Albeniz's  *Iberia* effaces picture-postcard Spain in evoking its ancient Moorish melancholy and its flamenco violence by means of pianistic pyrotechnics. That amount, whatever his superficial debt to Ravel, to an aboriginal idiom. This is a phenomenon as mysterious as it is rare; and de Larrocha's performances of this in several senses breathtaking music have become internationally celebrated. As the guitar, unresolvably appoggiaturo and acciaccaturo were their darkly dangerous as well as seductive spell, even the genteel opulence of Harrogate's Royal Hall succumbed. There are moments when one suspects that this music, as played by de Larrocha, makes most other "Spanish" music unnecessary.

## The Gambler

BY MICHAEL COVENEY

In retrospect, the Edinburgh Festival fringe of 1977 was a good one. The Hampstead Theatre obviously thinks so as, in addition to reviving John Byrne's *Writer's Cramp* at Swiss Cottage, they now offer solace to TV-shy pensioners at the Bull and Gate in Kentish Town in the shape of a new cabaret from Smith and Goody, who first operated at the Traverse in the same year.

Mel Smith is now part of the BBC's *Not The Nine O'Clock News*, but his satirical hold over Bob Goody, a keen and playful ageing comedian, is no whit abated. Gambling in my life extends to supporting easy odds on horses that are low risk failures in the Grand National. I doubled my money on the Pilgrimage, backed each way. Last year, but this ambitious and extremely effective two-hander not only captures what I imagine to be the

authentic smell of risking your shirt; it also asserts the umbilical relationship between bookie and punter, huckster and sucker. It is an absolutely enchanting revue-form spree about the leader and the led as the prices shorten and the risks lengthen.

You acquire also the sense of betting as an epidemic among people dying to be sacrificed on the altar of false hope. Mel Smith, far and threatening, leads Bob Goody, tall and trembling, by the impressionable nose. The duo conspires to establish a deadly relationship at the same time as asserting dependent roles within it. As the stakes rise, the terms of reference contract from the race track to the greyhound stadium and finally the green baize. Even Goody's parking comes up for grabs—what is the registration, is the car actually there?

The whole show is wrapped up in some marvellous music played at the piano by Peter Brewis, and stands up as the most inventive sort of contemporary cabaret. Goody turns out to be a winner who has just been unlucky. Smith, with a nonchalant shrug of his lank locks, is the ringmaster, the spy

and the victor. Goody parodies Frank Sinatra: "I've sort of done things" he warbles, not so much his way as theirs. What terrible slavery the punter must endure. What wonderful entertainment is extracted from this informed and well-sustained look at the price he pays.

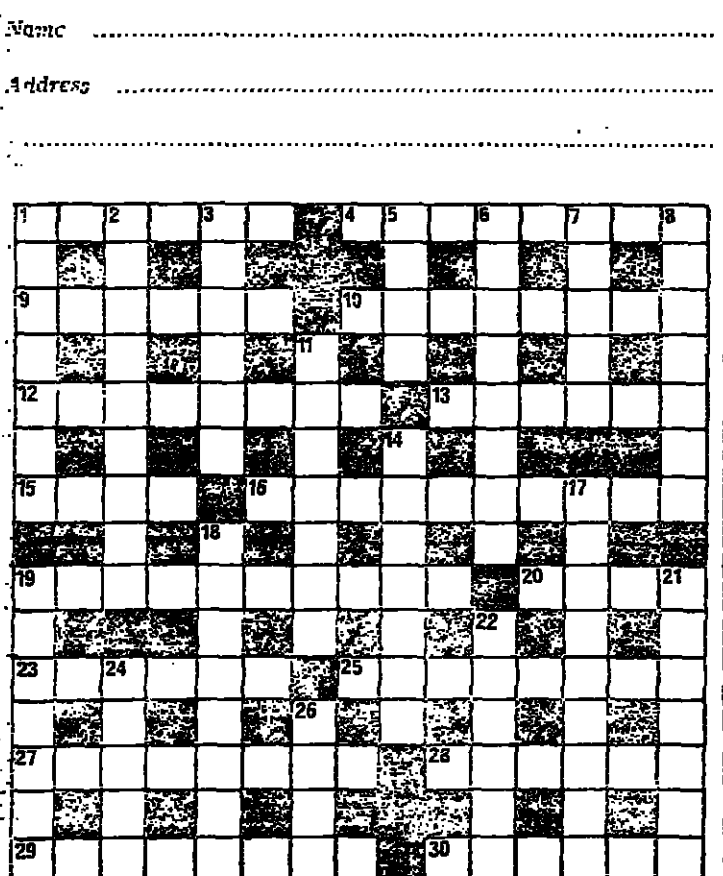
## Arts Council theatre directors' bursaries

The Arts Council has made 11 awards to directors to enable them to further or continue their training in the professional theatre. Seven of the awards go to trainee directors, and four to associate directors who will be working with companies by whom they are sponsored. The trainee directors are:

Romy Baskerville who will work at the Duke's Playhouse, Lancaster; Anthony Clark at the Orange Tree Theatre in Richmond; Janet Goddard at the Liverpool Playhouse; Nick Hamm at the Half Moon Theatre, London; Geoff Hannan with the Second City Theatre Company, Birmingham; Rebecca Meitlis and Alison Sutcliffe.

## F.T. CROSSWORD PUZZLE No. 4350

A prize of £5 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword to the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC3P 4BY. Winners and solution will be given next Saturday.



- ACROSS**
- 1 Mouth allowed in cup (6)
  - 4 Drink and clothing used to warm one in bed (8)
  - 9 100,000 rupees essential for a footman (6)
  - 10 Driver to instruct a husband (8)
  - 12 Finished part of plant on the other side (8)
  - 13 Emphatic type from European country (6)
  - 15 Ingenious and faint would change (4)
  - 16 Pointed to telegram that's defensively obstructive (6-4)
  - 19 Is it possible, before going down, to be illuminating? (10)
  - 20 Keen alman I had to follow (4)
  - 23 Mute spoilsport (6)
  - 25 Dog going to railway could be mine (8)
  - 27 Type of blind Italian citizen (8)
  - 28 Leave waste (6)
  - 29 Humanitarian organisation making anarchist peevish (12-5)
  - 30 Look closely around street and annoy persistently (6)
- DOWN**
- 1 Northern girl left nought on but a bit cold (7)
  - 2 Camel encircling Egyptian leader is infectious (9)
  - 3 Smoothly putting archdeacon's title in cathedral (6)
  - 5 Image I study (4)
  - 6 Joint of meat wrongly tied for festival (4-4)
  - 7 Animal arrived and left (5)
  - 8 Face pain in a grand manner (7)
  - 11 State with open border (7)
  - 14 Leave a group of musicians playing (7)
  - 17 Increase in mortar that's about right (9)
  - 18 One who left the country in fault before (8)
  - 21 Body making scoundrel declare positively (7)
  - 22 Times sailor may be seen in the sun (3-4)
  - 24 Unit taking nomad astray (5)
  - 26 Come through a narrow defile (4)

Solution to Puzzle No. 4349



## TV/Radio

BBC 1  
\* Indicates programme in black and white

7.15-8.30 am Open University (Ultra high frequency only). 8.10 The Banana Splits. 9.40 The Flashing Blade. 10.00 Athlete. 10.25 The New Adventures of Batman. 10.45 Twenty Pie in "I Taw a Putty Tat." 11.05 Abbott and Costello in "The Time of Their Lives." 11.15 pm So You Want to Keep Your Hair? 12.27 Weatherman. 12.30 Grandstand: Football Focus (12.35); Evening (1.15, 2.05, 2.35, 3.05, 4.10). The Midland Bank Horse Trials: Racing from Newbury (1.50, 2.20, 2.50, 3.20); Athletics from Crystal Palace (3.05, 3.55, 4.30). The Sunbelt WAAA Championships: 3.50 Half-time Football Scores: 4.40 Final Score. 5.05 News. 5.15 Sport/Regional News. 5.30 Cliff Richard in "Wonderful Life." 7.10 It's a Knockout. 8.25 The Martin Chronicles. 10.00 News and Sport. 10.15 The Saturday Film: "Serpico" starring Al Pacino. All Regions as BBC1 except as follows: BBC Cymru/Wales: 5.15-5.20 pm Sports News Wales. 12.20 am News and Weather for Wales. Scotland: 4.55-5.05 pm Scoreboard. 5.15-5.20 Scoreboard. 12.20 am News and Weather for Scotland. Northern Ireland: 4.55-5.05 pm Scoreboard. 5.15-5.20 Northern Ireland News, Sport. 12.20 am News and Weather for Northern Ireland. England—5.15-5.20 pm (South-West only) Sport Spotlight.

**BBC 2**  
7.40 am-2.45 pm Open University. 3.30 Saturday Cinema: "Helen of Troy" starring Rosanna Poeschl. 5.20 Hawaii Revisited with James Michener. 6.30 Building for Change. 7.10 Dallas. 7.35 Return to Brass Tacks. 8.05 Nine Lives. 9.00 The Hong Kong Beat. 9.30 Diamonds in the Sky. 11.20 Horror Double Bill: "The Bat" starring Vincent Price. 11.40 News on 2.

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11.45 Horror Double Bill: "Legend of the Werewolf" starring Peter Cushing.

BBC2 Northern Ireland only—2.45-3.20 pm Golf: The Carroll's Irish Open at Portmarnock Golf Club, Co. Dublin.

**LONDON**  
8.40 am Sesame Street. 9.40 Fangface. 10.10 Space Academy. 10.20 Fun Factory. 12.30 pm World of Sport: 12.35 On the Ball: 1.00 International Sports Special (Part 1). Sport and the Cinema: 1.15 News: 1.20 The ITV Seven—1.30, 2.00, 2.30 and 3.00 from Wolverhampton: 1.45, 2.15 and 2.45 from Ribon: 3.10 International Sports Special (Part 2). Soccer—Beverly Grand Prix Final from Wimbledon Stadium: 3.50 Half-time Soccer Round-up: 4.00 Wrestling: 4.50 Results Service. 5.05 News. 5.15 Cartoon Time. 5.30 Return of the Saint. 6.30 The Crowther Collection. 7.00 240-Robert. 8.00 Sale of the Century. 8.30 From Here to Eternity. 9.30 News. 9.45 Tales of the Unexpected. 10.15 The Big Match presented by Brian Moore with Jim Rosenthal. 11.30 Dudley Moore in Concert. 12.30 am Close: Readings in the Muslim traditions with Charles Eaton.

All IBA Regions as London except at the following times:

**ANGLIA**  
9.20 am Fantasy Island. 10.10 Fangface. 7.00 pm The Incredible Hulk. 10.15 Match of the Week: Saturday Night special spectacular presented by Brian Moore with match commentary and analysis from Gary Harrison. 11.15 Stars, News and Squawks. 12.15 am At the End of the Day.

**ATV**  
9.10 am Treasures in Store. 9.35 Home Production. 10.00 Bulet. 8.05 and the Bear. 10.15 Star Soccer. 11.30 The Love Movie. "The Love Boat" starring Lorne Dooney and Nanette Newman.

**BORDER**  
9.10 am Treasures in Store. 9.35 Home Production. 10.00 Bulet. 8.05 and the Bear. 10.15 Star Soccer. 11.30 The Love Movie. "The Love Boat" starring Lorne Dooney and Nanette Newman.

**CHANNEL**  
5.15 pm Puffin's Play (P.C. 7.05 B.J. and the Bear. 11.30 The Poetry of Landscape. 11.45 Celebrity Concert.

**GRAMPIAN**  
9.30 am The Last Islands. 10.00 Supermen. 5.15 pm Popeye. 7.05 Chops. 10.15 Scotland. 11.30 Musical Special ("Guitars").

**GRANADA**  
9.30 am Treasures in Store. 9.55 Home Production. 10.00 Bulet. 8.05 and the Bear. 10.15 Star Soccer. 11.30 The Love Movie. "The Love Boat" starring Lorne Dooney and Nanette Newman.

**HITV**  
9.10 am Home Production. 9.35 Bulet. 10.05 Bulet. 10.15 Star Soccer. 11.30 The Love Movie. "The Love Boat" starring Lorne Dooney and Nanette Newman.

**SCOTTISH**  
9.10 am Treasures in Store. 9.35 Home Production. 10.00 Bulet. 8.05 and the Bear. 10.15 Star Soccer. 11.30 The Love Movie. "The Love Boat" starring Lorne Dooney and Nanette Newman.

**SOUTHERN**  
9.10 am Treasures in Store. 9.35 Home Production. 10.00 Bulet. 8.05 and the Bear. 10.15 Star Soccer. 11.30 The Love Movie. "The Love Boat" starring Lorne Dooney and Nanette Newman.

**TYNE TEES**  
9.10 am Treasures in Store. 9.35 Home Production. 10.00 Bulet. 8.05 and the Bear. 10.15 Star Soccer. 11.30 The Love Movie. "The Love Boat" starring Lorne Dooney and Nanette Newman.

**ULSTER**  
9.10 am Treasures in Store. 9.35 Home Production. 10.00 Bulet. 8.05 and the Bear. 10.15 Star Soccer. 11.30 The Love Movie. "The Love Boat" starring Lorne Dooney and Nanette Newman.

**WESTWARD**  
9.10 am Treasures in Store. 9.35 Home Production. 10.00 Bulet. 8.05 and the Bear. 10.15 Star Soccer. 11.30 The Love Movie. "The Love Boat" starring Lorne Dooney and Nanette Newman.

**YORKSHIRE**  
9.10 am Treasures in Store. 9.35 Home Production. 10.00 Bulet. 8.05 and the Bear. 10.15 Star Soccer. 11.30 The Love Movie. "The Love Boat" starring Lorne Dooney and Nanette Newman.

**RADIO 1**  
5.00 am News Summary. 5.02 am Tony Blackburn with Graham Pollock and Jimmy Jones. 5.05 am News Summary. 5.07 am Tony Blackburn with Graham Pollock and Jimmy Jones. 5.10 am News Summary. 5.12 am Tony Blackburn with Graham Pollock and Jimmy Jones. 5.15 am News Summary. 5.17 am Tony Blackburn with Graham Pollock and Jimmy Jones. 5.20 am News Summary. 5.22 am Tony Blackburn with Graham Pollock and Jimmy Jones. 5.25 am News Summary. 5.27 am Tony Blackburn with Graham Pollock and Jimmy Jones. 5.30 am News Summary. 5.32 am Tony Blackburn with Graham Pollock and Jimmy Jones. 5.35 am News Summary. 5.37 am Tony Blackburn with Graham Pollock and Jimmy Jones. 5.40 am News Summary. 5.42 am Tony Blackburn with Graham Pollock and Jimmy Jones. 5.45 am News Summary. 5.47 am Tony Blackburn with Graham Pollock and Jimmy Jones. 5.50 am News Summary. 5.52 am Tony Blackburn with Graham Pollock and Jimmy Jones. 5.55 am News Summary. 5.57 am Tony Blackburn with Graham Pollock and Jimmy Jones. 6.00 am News 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## COLLECTING/LEISURE

## The year of Wedgwood

BY JANET MARSH

AMONG THE numerous excellent recently published books on pottery and porcelain, very few actually contain specific advice to the collector. One that does is Geoffrey Willis' *Wedgwood* (Country Life Books £7), which warns, among other things, that it is best to look upon a mark on any kind of chinaware as no more than a confirmation of other signs, and to consider these with care.

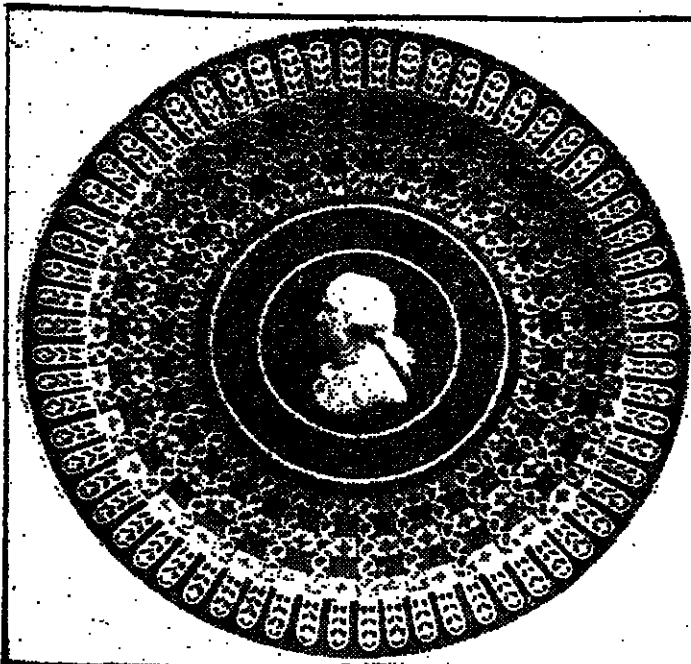
The characteristics of the best pieces are more important, and he explains that for basalt, Jasper and other dry bodies such as caneware and roseglo, an unglazed red slipware commonly produced in Staffordshire. The most obvious sign is the high quality of finish, with every detail rendered clearly even when a relief is on a small scale. In successive decades the sharpness is likely to have diminished.

Mr Willis goes on to point out that "to the finger an old piece has been described as having a wax-like feel, which has the resistance of velvet without being woolly," whereas later ones are quite different to the touch and the white reliefs have a dry chalky appearance.

This is the year of Wedgwood, last month marking the 250th anniversary of the birth of Josiah Wedgwood (1730-1795), potter of talent and distinction, scientist, writer and humanitarian. To commemorate the event, various publications have been produced or re-issued.

Most Wedgwood enthusiasts would like a copy of *The Life of Josiah Wedgwood* (Hurst and Blackett 1985-86), by Eliza Meteyard, but there are very few sets in existence today. Now a complete two-volume facsimile has been produced in a limited edition of 1,000 by the Wedgwood Press, on sale exclusively at Gered's the specialist china shop, 173-174 Piccadilly, London, W1, and 158 Regent Street, W1, £35 inclusive of slip case and postage. (Order form and free prospectus from Judith Turner, Wedgwood Group press officer, 24 Wigmore Street, London, W1.)

Elizabeth Meteyard was born in Liverpool, the daughter of a surgeon, son of whose patients "were two or three who had known him personally, a descendant of his schoolmaster lived a stone's throw from our



Jasper-diced plate featuring c. 1773 portrait of Josiah Wedgwood, produced in a limited edition of 250, in Harrods Knightsbridge "China and Glass Exhibition" until September 5.

door." A novelist and writer of children's books, she had her marriage work in mind for 15 years, as a tribute to "the great potter (who) enriched the tables of our countrywomen with ware of every kind, decorated their rooms with flower-pots, bas-reliefs, and vases, and their persons with the loveliest of ornaments."

Wolf Mankowitz has written an appreciation of this "good-looking, cheerful and rather conversational lady," in the prospectus for the book. His own splendid work, *Wedgwood*, first published in 1958, has just gone into its third edition (Barrie and Jenkins, £25).

Another *tour-de-force* for the collector is Robin Reilly's and George Savage's *The Dictionary of Wedgwood* (The Antique Collectors' Club £25). The authors' guiding principle has been to provide information on 18th, 19th and 20th-century wares, presented in such a way that those faced with problems of attribution can make an assessment of authenticity, date, nature and source of subject, artist and designer.

For personal documentation *The Wedgwood Circle 1730-1897—Four Generations of a Family and Their Friends* (Studio Vista £9.95), by Barbara and Hensleigh Wedgwood (he is a great-great-grandson of Josiah Wedgwood), includes a family tree, so sadly lacking in many reference works.

The composite biography gives the rags-to-riches story of the ambitious young man who won a place in the circle of savants and inventors, the Lunar Society, to which Darwin, Dr. Joseph Priestley, James Watt and his partner Matthew Boulton and other such learned

men belonged, attracting the nickname "Lunatics." Josiah was a guest at their meetings in Birmingham where they met monthly at each other's houses when the moon was full.

Wedgwood's year is marked by an attractive exhibition, *Wedgwood of Etruria and Barlaston* at the newly opened City Museum and Art Gallery, Hanley, Stoke-on-Trent. The displays attempt to compare facets of the Wedgwood company during the 18th and 19th centuries, showing 20th-century material never before considered in a historical context, such as the black basalt figures of the 1920s, and the novel Jasper-here, on a pair of dancing sandals, made last year for Rayne.

The exhibition goes on until September 27, open Monday to Saturday 10.30 am-5.00 pm, until 8.00 pm on Wednesdays. Catalogue, £4.50 plus 50p postage, from the exhibition organiser Kathy Niblett, assistant keeper of ceramics at the museum. At Harrods Knightsbridge annual China and Glass Exhibition until September 5, the central display is devoted to Wedgwood.

Geoffrey A. Godden's latest authoritative work, *Godden's Guide to Mason's China and The Ironstone Wares*, also published by The Antique Collectors' Club (£17.50), is a revised and enlarged edition of the book first published in 1971 by Barrie and Jenkins.

Sections have been re-written to take into account new information and the book is appropriate to the Wedgwood scene as in 1910 Miles Mason offered to make porcelain for sale in Wedgwood's London showroom, and a Mason's Ironstone is now a division of Wedgwood.

see some smart performers in action for Rippon stages that always competitive sprint, the great St. Wilfred Handicap. Here I expect a bold showing from both Sparkling Boy and Tribal Eye.

**NEWBURY**  
2.00—Honey Barron\*  
2.30—Nicholas Bill  
3.00—Heresas  
3.30—Hard Fought  
4.00—Pellegrini  
4.30—Inspector Roy  
5.00—Super Run  
**RIPPON**  
1.45—Love For Money  
2.15—Caroline Lamb  
2.45—Tribal Eye\*\*\*  
3.15—Joint Mercy  
3.45—Rag Dancer  
4.15—Count Fernando\*\*

## Another chapter in a legend

## GOLF

BEN WRIGHT

JACK NICKLAUS'S magnificent victory by a record seven strokes in the 62nd U.S. PGA championship over the East course of Oak Hill Country Club in Rochester upper New York State last Sunday evening was as deeply satisfying to the greatest golfer of modern times as it was clinically anti-climatic.

In the U.S. Open at Baltusrol in mid-June Nicklaus had proved his ability as a front runner in his emotional comeback from the edge of oblivion—largely of his own making—as he became, in the well chosen words of the veteran Puerto Rican professional Chi Chi Rodriguez "a legend in his spare time."

In the U.S. PGA championship Nicklaus set up his victory in the classical manner, by producing a brilliant third round of 66 on what is known in the business as "moving day," and then defying his rivals to come and take away the title from him. Any world class professional knows how difficult it

can be to protect a lead without getting pawky and, on as difficult a course as the wonderful Oak Hill, a big sudden turn of fortune's wheel can occur in a matter of minutes.

Nicklaus himself had demonstrated that in the ominously dark and lengthening shadows of Saturday evening's sunset. Then it was that Nicklaus's massive lead over Lon Hinkle of seven with four holes to play dwindled to a precious three.

In fact, Nicklaus was very fortunate that the swing was not even more dramatic in that his drive bounced on the top of the palms of the 4 foot high snow fence that marks out of bounds on the left of the dead straight 440 yards 18th hole, and came back—not only into play—but into a playable position.

Likewise the great man's horrible tee-shot at the dogleg to the right 452 yards 18th hole was lucky to have bounced out of the dense pine grove to the left of the fairway into another sympathetic lie away from perhaps the deepest area of rough on the East course.

Just as surely, however, Hinkle's self-admitted "eye shot and hope" six iron second shot from the thickest rough to the right of the fairway at the

458 yard 17th hole was a miraculous stroke. It left its mystified perpetrator with a huge plot of turf clinging to the blade of his club and set up the most unlikely birdie.

Nicklaus had hit a terrible first putt nowhere near the hole at the 15th, but those he sank to get out of jail at the 16th, 17th and 18th could hardly have been improved upon for their timing, courage and magical touch. Never has the time honoured cliché about fortune favouring the brave been more suited to the occasion.

In all the years I have been watching Nicklaus since the Walker Cup match at Muirfield in May, 1959, I do not think I have ever seen him play better than he did last Sunday afternoon in the view of the circumstances. His opening six pars were rock solid. He played an exquisite recovery from the left-hand bunker after hooking his drive at the 432 yards 7th hole to save his par as Hinkle dropped his third stroke of the round from the same hazard. After Hinkle had holed out from fully 40 feet for a birdie at the eighth, Nicklaus, whose drive had been deeply bunkered, followed suit to save his par from over 30 feet.

After runner-up Andy Bean had dropped his second stroke to par at the tenth hole to offset two previous birdies, Nicklaus—in the heat of the moment—stole the honour from Hinkle by making a lovely four-putt shot six feet from the hole at the 195 yard 11th, the first time he had abandoned his

wisely conservative tactics of playing for the centre of the greens.

In went the putt, as did a 15-footer for a second birdie at the 596 yard 13th and now not even the new record margin of victory was any longer in doubt.

As a historian as well as a history-maker Nicklaus was delighted to have equaled Walter Hagen's record of five U.S. PGA championship victories in the latter's home town.

So what is left to stimulate Nicklaus's competitive drive after 19 major championship victories including a record five Masters titles, a record equalling four U.S. Opens and three Open Championship triumphs? Most of all Nicklaus wants to win the U.S. Open at Merion in 1981 ten years after he lost an epic play-off for the title there against Lee Trevino who had also beaten him into second place in the 1968 U.S. Open at Oak Hill.

For the statistically minded Nicklaus's record is truly mind boggling. In 19 U.S. PGA championships he has won five times, finished second on three occasions, third three times, fourth and sixth once each. He has just twice missed the cut and only on four other occasions finished outside the top ten.

In all the major events he has won 19, second 16 times, and third 9 times—a total of 44 top three finishes. In addition he has finished in the top ten 51 times. He has never missed the cut in any of his 32nd place tie at his first attempt at Troon, and 12th place tie at Royal Birkdale three



Jack Nicklaus

years later in 1965 being the only two occasions on which he has finished outside the top six in 18 years.

In the U.S. Open he missed the cut but once as defending champion in 1963, his first professional victory having been in the 1962 U.S. Open.

In the Masters he also missed the cut but once in 1967 having won the tournament for the two previous years. In the four major events he has only 17 times finished outside the top ten in those 18 years, during which period he has won 56 events around the world.

No, he is not the greatest golfer of modern times—but of all time.

## Conserving our wild flowers

## GARDENING

ARTHUR HELLYER

hordes of collectors should be let loose to gather seeds of wild plants in places where they are growing successfully so that they may be scattered indiscriminately along verges and over roundabouts? I sincerely hope not.

However, this is an ambiguous circular as well as, in places, a rather silly one. What it really seems to be trying to tell its readers is that the Hon. Mrs. Miriam Lane is experimenting in the cultivation of wild plants for seed production on her Aundale Wold Estate near Oundle.

Five hundred acres of the estate, we are told, form a nature reserve and on another 200 acres conservation is given priority over agriculture.

There is mention of a field of cowslips grown in rows, one presumes for the purpose of producing a seed crop though this is not specifically stated. If something like this, rather than the gathering of seeds from wild plants, is really what is intended one can give wholehearted approval so far, though whether the seeds should finish up on verges and roundabouts is another matter.

Those that would be likely to survive there would be in the need of conservation. Mostly they would be the regular roadside

weeds that are well adapted to live in such places and have no special soil or climatic requirements.

Even if some of the more choosy plants could be persuaded to extend their normal habitats would this be a good thing? Botanists, at least, might be annoyed to find their distribution maps becoming hopelessly confused.

Yet the fact that road verges are natural conservation areas is well understood. After all it is where most of us did much of our childhood botanising, learning such very basic facts that some plants favour one side of the road and some the other for the very simple reason that one is warm and sunny and the other cool and shady.

We also learned that the flora changes with the soil types produced by our incredibly varied geological formations. A short journey up a hillside might provide several such variations, maybe a stiff clay at the bottom, a friable greensand a little way up, followed by chalk or limestone and, with a little luck, a cap of acid peat at the top. A hill like that could provide four quite different floras and send one home with a vascuum packed with interesting specimens.

I suspect that Mrs Lane knows all these things and much else besides and that she is being badly served by the man from the Ministry. For my circular came from the Manpower Services Commission because Mrs. Lane had applied for and been granted aid by that body

through its Special Temporary Employment Programme.

At the moment this seems to extend only to the help of a horticulturist and a botanist who will identify wild flowers accurately, collect seed and work in the fields. Both hope that the experience they gain will later help them to find more permanent employment, and in this one must wish them every success.

However, it does appear that Mrs. Lane's aims are considerably more ambitious. She hopes that her initiative will result in the establishment of a new cottage industry, with villagers in Ashton and the surrounding area growing wild flowers for seed which will then be sold commercially.

She says she has already received inquiries from some seed companies and there is no doubt that there is an increasing interest in the cultivation of

British wild plants. A display of flowers and plants was staged a few weeks ago at a Royal Horticultural Society show in London and attracted a great deal of attention and favourable comment, though I suspect that most of this came from people who were contemplating the possibility of growing some wild plants in their own gardens rather than broadcasting their seeds along the roads.

Gardens of wild plants are not new and they can be both beautiful and fascinating. I visited one in Kent only a few weeks ago, made on a hillside in old woodland sufficiently thinned to make sites for the sun lovers as well as the shade lovers. It was quite incredibly lovely and had been planted and cared for with great skill and understanding.

Such gardens can become valuable repositories of scarce or endangered plants in which they can be properly cared for and from which material for recolonisation in the right surroundings can be obtained if and when it is required.

## Weather wait

WITH sunnier weather forecast there are good prospects of racing going ahead at Newbury today where a brisk drying wind improved conditions throughout yesterday.

The seven race card on the Berkshire course includes the Hungerford Stakes carried forward from yesterday in which Skyliner is now an absentee.

The other main event scheduled is the Group Two

## RACING

DOMINIC WIGAN

Geoffrey Freer Stakes over a mile and five furlongs. Here the race has lost some of its interest through the withdrawal of both the one-time St. Leger favourite, Saviour and More Light. The course winner, Nicholas Bill, will stay every inch of this exciting course and he is preferred to Ireland's representative, Noellino.

Whatever the fate of Newbury, racegoers and television viewers alike will be able to

see some smart performers in action for Rippon stages that always competitive sprint, the great St. Wilfred Handicap. Here I expect a bold showing from both Sparkling Boy and Tribal Eye.

**NEWBURY**  
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4.15—Count Fernando\*\*

## ENTERTAINMENT GUIDE

## THEATRES

WAREHOUSE, Donmar Theatre, Covent Garden, Box Office 636 6808. ROYAL SHAKESPEARE COMPANY, Theatre Royal, Haymarket, Box Office 730 3000. All seats £3.50. Students £2.00 in advance.

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2. LA CAGE AUX LIONS (A). A. Progs. 1.20 (Sun. 2.00). 4.40, 7.45, 10.40.

3. LA CAGE AUX LIONS (A). A. Progs. 1.20 (Sun. 2.00). 4.40, 7.45, 10.40.

4. LA CAGE AUX LIONS (A). A. Progs. 1.20 (Sun. 2.00). 4.40, 7.45, 10.40.

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## BRIDGE

E. P. C. COTTER

THE HAND we are going to discuss today occurred in a Championship Pairs event some years ago, and the play at two of the tables makes very interesting reading. East was the dealer with neither side vulnerable—this is what happened at one table.

♠ K 6 4  
♥ A 10  
♦ K J 4 3  
♣ J 8 6 5

♠ J 7 5 3 2  
♥ J 9 6  
♦ 10 2  
♣ K Q 2

♠ Q 10  
♥ K Q 7 3  
♦ A 8 6  
♣ A 9 7

After a pass from the dealer South opened the bidding with one no trump, and North's raise to three no trumps, concluded the auction. West chose as his opening lead the three of spades, dummy played low, East produced the eight, and the ten won. With two spade tricks ensured by the lead, three hearts, two diamonds, and a club, the declarer had several chances for the ninth.

At trick two he led the club four from hand. West won with the Queen and returned the two of spades. East won with the Ace, and his spade return cleared his partner's suit. South crossed to hand via the diamond Ace, and then finessed the diamond Knave, losing to the Queen. East returned the nine of diamonds, setting up another trick for the defence.

At this point South's prospects were far from bright, but he crossed to hand with a club to his Ace, led a low heart, and finessed the ten on the table. When this held, he cashed the Ace, and hoping that East had started with a 3-4-4-3 pattern and was therefore void of clubs, he put East in with a diamond. With only hearts in his hand, East had to give the declarer access to his hand and allow him

to enjoy the King and Queen of hearts for his contract.

Had the declarer's decision to lead a club to the table at the second trick cannot be criticised, but his decision to try the diamond finesse rather than the heart finesse is open to question. However, he got out of trouble by the throw-in play in diamonds.

At the second table North-South again reached a three no trump contract with South as declarer. West's opening lead was once again the three of spades, but on this occasion East took his Ace at once and returned the nine.

In with the Queen, the declarer led a low club towards the table and, as before, West won with the Queen and led another spade to force out dummy's King. On this trick South discarded his three of diamonds, which was a mistake—a club is surely better. Coming to hand with a club to his Ace, South led a heart, finessed the ten and cashed the Ace, and then returned to his diamond Ace to cash his two heart honours, throwing clubs from the table.

West had thrown a diamond on the fourth heart, and his hand was now open to a complete count. South led the diamond eight and ducked in dummy, but the East player shrewdly allowed the eight to hold, thus leaving the declarer in his own hand and forcing him to surrender the last two tricks to West.

You may think that the declarer could have made an invaluable overtrick if he had had thrown the eight of diamonds instead of the six, but an East who was really concentrating would have played his named seven instead of the five on the first round, and again avoided the endplay.

On the other hand, if South had thrown a club and kept both his diamonds, East would have been powerless to prevent him from making a tenth trick, which would have been worth its weight in gold.

Of course, the contract of three no trumps is not on ice, but the second declarer was much more in command than the first, who must have felt that he was going to be defeated.

## CHESS

LEONARD BARDEN

ENGLISH SUCCESSES continued last month in the two largest opens of the year, staged in London and Philadelphia. The National Bank of Dubai Open at the West Centre, Earls Court, and the World Open at the Sheraton, Philadelphia, attracted nearly 1,000 players.

Eight grandmasters took part in the U.S. event, but two GMs and a dozen IMs were in London.

Wide differences in ability (for open in this context really means open to the humble novice) and rapid time limits make for upset results but at the end of the day it is usually the old hands who emerge at the top.

A five-way tie for first in Philadelphia included GMs Dzindzichashvili, Gheorghiu, Christiansen (U.S. co-champion) and Tony Miles, while the seven winners at the London Evening Standard congress (among them Speelman and Paul Littlewood) were all seeded in the top ten.

Seeded pairings in opens means that competitors may be matched with an unknown in one round and a master in the next. The right approach to such conditions is to mix it with the strong and win by technique against the weaker. Stamina plays an important part since a long ending in one game means fatigue in the next.

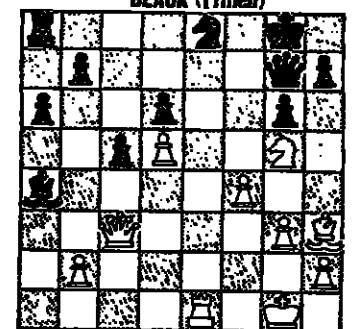
The major upset in London came in the first round, when the young player Kosten, who made his mark two years ago at the Hastings Challengers, defeated a Yugoslav GM. The squares 05 and K4 are the most promising for Sicilian combinations, and knowledge of the Sicilian prototypes encouraged White to sacrifice five pieces for an attack which won the brilliancy prize.

White: A. Kosten (Islington). Black: B. Kurajica (Yugoslavia). Sicilian (National Bank of Dubai Open 1980).

1 P-K4, P-QB4; 2 N-KB3, P-K3; 3 P-Q4, P-P4; 4 N-P3, N-K3; 5 N-Q3, P-B3; 6 P-KN4, P-KR3; 7 P-N3, P-P3; 8 B-P3, P-B3 (book is N-B3 with chances to exchange knights in some times); 9 O-O2, P-K3; 10 P-QP4, N-N3; 11 P-B4, B-N2; 12 B-N2, Q-B2; 13 O-O4, N-N3; 14 O-K2, N-B5; 15 P-KR4, R-R1; 16 R-Q3 (improving the R-R1's scope while defending the threats of N-N3 or N-NP1); B-K2; 17 B-R3, Q-N3; 18 N-Q5! (a well-known sacrifice in a favourable situation with all White's pieces in attacking play. Black now pays for his overambitious early Qe2-P3 advance).

P-N3; 19 P-P3, R-B2; 20 R-K1, P-N5; 21 P-R4, P-N6; 22 N-B5, Solutions Page 10

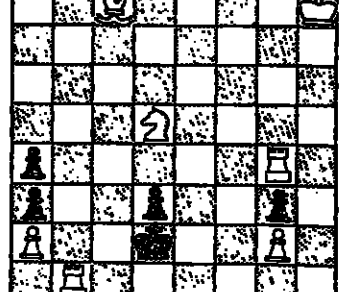
## POSITION No. 333



## WHITE (10 men)

Kunstowicz v. Gerusel, West German championship 1980. White to move, how should he continue, and with what result? This is typical of many attacking positions which look good but where only exact analysis can decide the right choice. Here 1 QxQ ch, 1 B-K6 ch, 1 N-K6, 1 B-K7 and 1 Q-K3 are among the plausible tries for White.

## PROBLEM No. 333



## WHITE (7 men)

White mates in four moves at latest, against any defence (composer unknown). This tough puzzle featured in a U.S. tour and few could solve it even with a prize for the correct answer. Black is limited to K-K7 and K-B7, but White's key and play are hard to find. Solutions Page 10



## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3BY

Telegrams: Finantimo, London PS4. Telex: 9354571

Telephone: 01-245 8000

Saturday August 16 1980

## Now for the bad news

THE GOOD NEWS is about inflation: and since everyone has been expecting good news about inflation, there may be a tendency to ignore this number, and brood about the bad news—the monetary mess, the squeeze on profits, the apparently uncontrollable rise in sterling, and some thoroughly nasty figures from the U.S.

To give readers courage for what follows, then, it is worth stressing that the good news is actually better than it looks at first sight. The retail price index reflects two things—the rise of costs and prices in the economy at large, and the charges the Government imposes on consumers to limit its own borrowing.

**Cash limits**  
As everyone is now aware, one of those charges, last year's rise in VAT, is now a matter of past history: as far as the present is concerned, however, it is still very much with us: the very steep rise in charges by the nationalised industries and public services, in order to meet tight cash limits. These charges have far outpaced prices in general. If we look simply at private sector prices, the rate of inflation appears to be only about 14 per cent, and for the last three months the inflation rate generally—including public charges—has been below 1 per cent a month.

The bad news is that this moderation has so far been achieved almost entirely at the expense of profit margins. Two major companies, Woolworths and British Printing, have surprised the markets with substantial losses during the last week, and they are surely only the first of a series of such announcements. The plight of the worst hit companies—those in the motor industry—has impressed even shop stewards, and there is a growing hope that the next wage round will be much less ruinous than the last. But the damage done meanwhile begins to look substantial.

One result of the constraint on prices imposed largely by a high exchange rate is that companies have been pushed into much bigger bank borrowing than in the last sharp recession; stocks are proving hard to move, even at thoroughly un-rewarding prices. Production is therefore being cut back.

Paradoxically, however, this persistent borrowing is probably a major reason for what

is now suspected to be a rapid growth of the money supply, as officially measured, in the first five months of the present year. These figures become more mysterious as more details emerge, but no one in the markets seems overly concerned to discover exactly what they mean.

**Exchange rate**  
Whatever the credit statistics say, the effects of a tight squeeze are everywhere visible: in the misfortunes of manufacturing companies, in the rampant exchange rate—now more or less within its old official £2.38-2.42 limits—and even in the house market, where prices in the South East have actually begun to fall, despite inflation and a much readier supply of finance. The Chief Secretary of the Treasury, Mr. John Biffen, probably has a lot of secret sympathisers when he looks out at the real world and proclaims that money is under control.

This faintly Humpty Dumpty attitude to mere numbers—they mean what I want them to mean—may well point to the readiest way out of our technical swamp. Many in the market would be happy to agree that all monetary figures published during the corset regime were simple fictions, and start afresh with undistorted figures. It so happens that monetary growth over the two years of the corset regime, reading from the last month before it was imposed to the first since it was abolished, has averaged just 11 per cent, very much in line with policy. What the market wants is a new base to start from: its recovery yesterday suggests that it is hoping to get one. However, interest rates are likely to remain virtually frozen until a new regime is in place.

For the time being, the Bank of England is using a whole battery of technical devices to stop rates rising of their own accord. The upward forces are partly due to worry over the monetary figures, but much more due to technical shorts of liquidity and to nervousness about what is going on in the U.S.

**U.S. output**  
Here, alas, the news is almost uniformly bad. Wholesale prices have risen sharply, mainly because of the effect on food prices of a drought that now threatens worldwide repercussions. Output is still falling, if not quite so steeply, and is now some 9 per cent below last year's level; there are rumours, amidst this depression, of fast monetary growth. It is a bad situation, and no one trusts a weak electioneering Administration. All in all, it looks like a nervous autumn ahead.

## UDT AND THE SUITOR NO ONE EXPECTED

## The TSB movement breaks into the big time

IT WAS codenamed "Operation N Company" during two years of hard and sometimes frustrating negotiations. Unlike most takeovers, literally hundreds of people up and down the country were involved. But when the news broke earlier this week, it turned out to be one of the best kept City secrets in recent years.

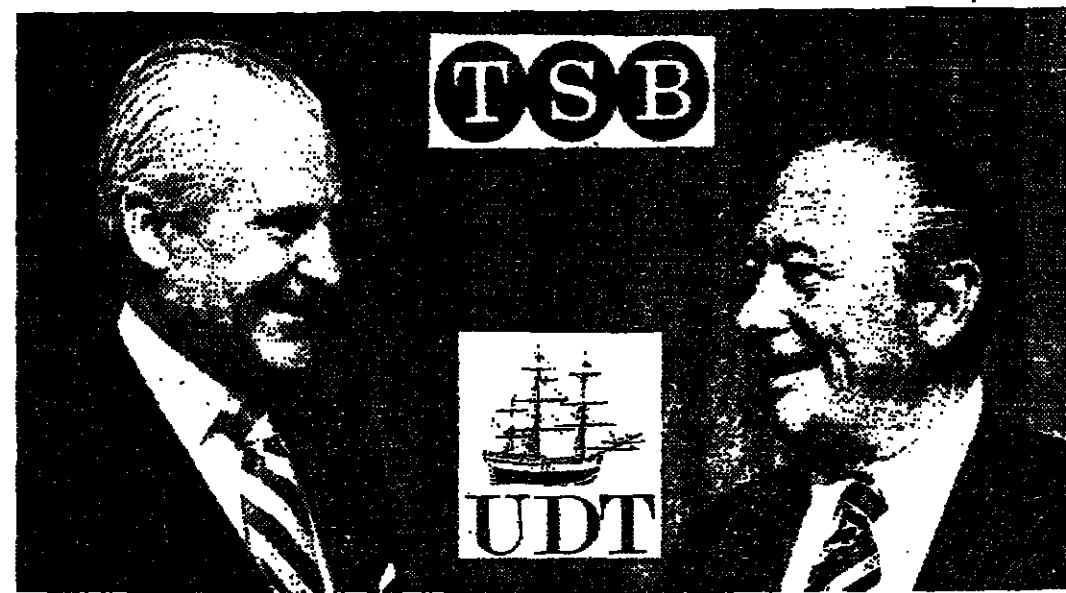
The Trustee Savings Banks Group's purchase of a 75 per cent stake in the hire purchase business of United Domestics Trust is of major importance both to the rapidly expanding TSBs and the long suffering shareholders of UDT. On one hand it ends the long struggle by UDT to dig itself out of the problems created by the secondary banking collapse of 1974; on the other it marks perhaps the biggest step yet in the development of a relatively new banking organisation.

The deal effectively involves the TSB group taking over UDT's £450m instalment credit business plus the name of UDT in exchange for a £37.75m injection of new capital.

Hopes that UDT would be the subject of an outright bid, possibly by a foreign predator, had pushed the group's share price as high as 60p before Wednesday's suspension of dealing at 61p. But while the City's surprise and obvious disappointment were reflected the next day when the shares immediately tumbled back 13p, the logic of the deal which has materialised is difficult to question. As one experienced clearing banker was honest enough to admit: "The TSB Group was the obvious one which none of us thought of."

To many people the TSB Group is a little known and somewhat enigmatic organisation. But for its 8m customers the UDT deal is the latest and most spectacular evidence to support the management's claim that the TSB "is well on the way to becoming a full clearing bank."

The TSB's rapid progress along the road to full banking recognition by the Bank of England, expected in the next couple of years, is in fact a remarkably recent phenomenon. What really set the ball rolling was the Page Committee Report



Sir John Read, TSB chairman (left), and Mr. Len Mather, chairman of UDT: just after revealing their closely guarded secret.

in 1973, arguably the single most important event in TSB history since the Rev. Henry Duncan established the first parish savings movement at Ruthwell, Dumfriesshire, at the beginning of the past century.

TSB services were admittedly developing before Page arrived on the scene—cheque accounts were introduced in 1965 while unit trusts and insurance were started in the late 1960s—but recently they have expanded very fast. Customers, for example, can now get TSB overdrafts, personal loans, mortgages, credit cards and—following this week's developments—TSB-UDT instalment credit.

This gives the TSBs a range of services comparable to those of the clearing banks but there, for the moment, the similarity ends. With their massive fixed rate funds the savings banks have in the past not been permitted to enter the real world of competitively seeking investment outlets. The task of finding alternative investment vehicles is now beginning in earnest and will prove expensive in terms of cost, staff and risk.

On the other hand the TSBs appear to have a significant edge in the fact that they have 15m savings accounts held by 8m individuals in the C, D and E social groups which the clearers

are spending so much money trying to capture. Meanwhile the HP deal with UDT shows considerable acumen for a first major attempt to enter a wider market.

"There were two basic reasons for this takeover," Mr. David Thorn, the TSB's deputy chief general manager, explained this week. "Firstly UDT's activities

**'The TSB Group was the obvious one which none of us thought of'**

ideally complement our own and extend the range of personal services which we have been building up for our customers. These in many cases should overlap because we are, for example, particularly well known among small businessmen and farmers—just the sort of people who should be interested in UDT's facilities."

Mr. Thorn's second reason reflects the fact that the TSB in the years since Page reported has been gently tugging at the Government's apron strings. In effect it is being slowly "denationalised," by which is meant the responsibility for its

investment portfolio is gradually passing to the TSBs own management. At the moment, for example, personal lending still amounts to a mere £300m out of total funds approaching £5.5bn, and apart from about £250m of Export Credit Guarantees Department backed loans, the rest basically is lent to the public sector.

A considerable chunk—some £1.5bn—has been tied up with the fund for the Banks for Savings earning interest at the unattractive fixed rate of 7 per cent. Last November the first of several half yearly tranches of this money was paid back and once this process is complete the idea is that the TSBs will have full control over their own resources.

The TSBs' path to "denationalisation," highlighted by this week's deal, also brings into question its ultimate ownership and the responsibility for the decisions of this unusual banking organisation. To this nobody has a straightforward answer and it is one of the outstanding issues which will have to be resolved in the next couple of years. Strictly the TSBs are unincorporated societies but although they make profits they have no shareholders. Profits in the last few years have been ploughed back into the business in order to build up reserves to a level which will satisfy the Treasury and the Bank of England.

These reserves (or shareholders' funds) are distributed among the 17 autonomous regions which give the TSBs their local identity. Major policy decisions (such as the UDT merger) are made by the TSB Central Board in London. But because reserves are being committed to this new venture all the regional TSBs had to be consulted and grant their approval. Hence the involvement of so many people around the country.

Putting the UDT deal in this context Mr. Thorn points out that through its entry into other

forms of lending such as overdrafts, mortgages and business loans, the TSBs have been diversifying and reshaping its portfolio into that of a proper commercial bank. "We have floating rate business and long term fixed interest loans. Our acquisition of UDT gives us a major footing in short to medium term fixed rate finance."

The financial implications, moreover, make extremely good sense for the TSBs. In return for a modest injection of capital from its £400m of reserves, the TSB is getting 75 per cent of a £450m loan portfolio which it can immediately refinance from its own funds. It is effectively putting in its money at a figure based on a small premium over the asset value of the UDT's credit instalment business.

The refinancing, of course, will be done from depositors' money on which interest paid will be considerably less than the interest paid on market funds employed by UDT. Furthermore, the TSB will be able to match a considerable amount of its fixed rate lending with fixed rate deposits.

While getting into hire purchase makes considerable sense for the TSBs, it also, ironically, makes sense for UDT to get out. Although the group has made dramatic progress in rebuilding its image and its finances since the 1974 collapse and rescue by the Bank of England lifeboat, the much rumoured bidder had persistently failed to materialise.

Meanwhile the capital demands made by the instalment credit business have been growing no less and the need for a capital-rich parent to fulfil those demands has been, more and more clear.

When Mr. Len Mather was put in by the support group in 1974 as chairman of UDT he planned a medium-term strategy for a return to health.

With £500m of lifeboat loans providing security Mr. Mather set out to restore confidence which would in turn make it possible to rebuild deposits in order to pay off the support loans.

That this part of the strategy has been successful is shown by the reduction in the lifeboat loans—currently down to less than £100m.

The next phase of the strategy was to have been more positive. Mr. Mather planned to build up the group's capital, begin paying dividends and make a rights issue which would fully re-establish the capital base.

Unfortunately, as Mr. Mather admits, the second phase "was torpedoed by inflation and interest rate rises." This climate meant that even after repaying the lifeboat funds the group would still have trouble rebuilding capital.

Unlike the TSB the old UDT did not have sufficient fixed rate term deposits to match against its fixed rate term loans to customers.

Mr. Mather is especially pleased with the final touch to the deal. UDT, now to be renamed Endeavour, will keep a

25 per cent stake in the HP business for five years. The TSBs then have an option to buy it out for the equivalent of net asset value plus a premium—and that should represent a share of HP profits over five years together with a capital sum.

It is difficult to see, however, what the other attractions of Endeavour are likely to be. Cynics are already calling it a ragbag: it comprises the International Commodities Clearing House (profitable and with a good future especially if new petroleum, gold and financial futures markets develop); a collection of financial services businesses and banks in Ireland, Zimbabwe, Nigeria, Belgium and the U.S.; a property lending business (slimmed down but viable); and a collection of industrial companies headed by the highly successful Swan National Self-drive and motor hire group.

Mr. Mather will not be around to mastermind Endeavour's future. He plans to retire once the deal has gone through, probably several months after his 71st birthday in October. However, he insists that it does have a future as a financial services and industrial holding group.

Others are not so sure. The Prudential, which together with Eagle Star will have 48 per cent of the equity, is thought to doubt whether Endeavour can develop an effective strategy.

Sector analysts are tending to view the parts of Endeavour may add up to more

**It makes sense for UDT to get out of the hire purchase sector**

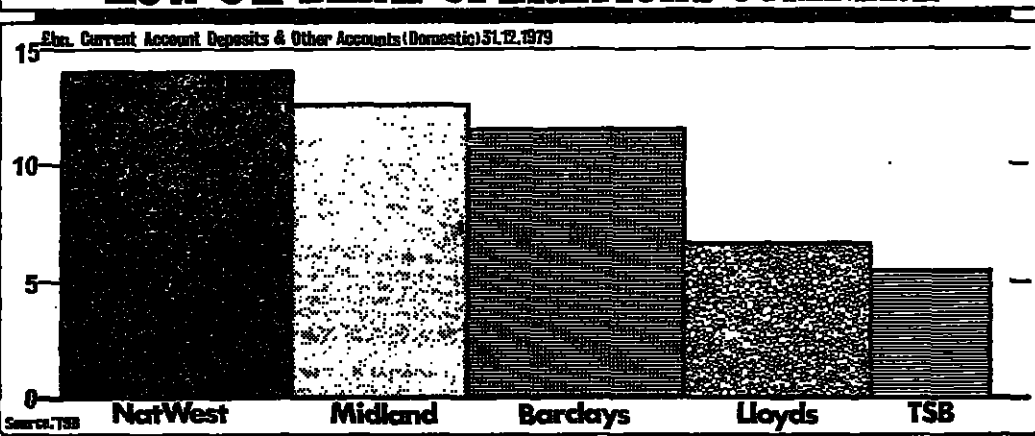
than the whole and that the best move for shareholders would be voluntary liquidation over a lengthy period.

Mr. Mather says that such a move had been considered when the board discussed the consequences of the TSB deal. "A controlled liquidation was not Board policy," at present but "if there were realistic bids for bits" of the company they would certainly have to be considered, he says.

Meanwhile, he points out, significant capital resources have been released into Endeavour, now to be free of the capital demands of the HP side, and there is the final cash to come from the TSB in 1985. With net assets of around £100m it will, therefore, have a strong base from which to make acquisitions itself if any opportunities arise.

In what areas, however, he cannot foresee. And that is also the market's problem. It can tell where the TSBs are heading for—a place in the High Street alongside the clearers. But Endeavour? This looks more like a voyage of discovery. Like Captain Cook's voyage in the same ship it could be successful but

## HOW UK BANK OPERATIONS COMPARE



## Letters to the Editor

## Surcharge

From Mr. A. Napier.

Sir.—Mr. John Patten, MP, writes (August 6) to urge removal of the "iniquitous" employers' national insurance surcharge. He states: "It does deter employment, it does grievously affect liquidity."

Why does he confine himself to this particular imposition? Surely it is absolutely monstrous that, at a time when 1,896,634 are registered as unemployed, no one in the country is allowed to buy £100 worth of labour from anyone else who pays a levy of about £70 to the state for the privilege of the standard rate of tax—i.e. an effective tax rate of 70 per cent.

In addition, by a linguistic confidence trick which I have never seen challenged, in most cases the state calls this 70 per cent imposition an "added value," and charges a further 15 per cent VAT on top of it.

Further, anyone who employs such labour directly is forced to submit himself to three separate bureaucracies, the two of which I have direct experience behaving as absolute tyrannies, devoid of responsibility or control.

I am convinced that these employment taxes will, in time, be as dead as the salt tax, the window tax, and the soap tax—perhaps not until there are 2.5m unemployed, perhaps not until there are 5m, but it will happen.

Meantime we protest too little. Even with the acknowledged very high rate of inland revenue errors, it is strange that only about one in six of PAYE sufferers insist on the assessments to which they are entitled—particularly as it would appear from Section 206 of the Income and Corporation Taxes Act 1970 that most such late assessments are retrospectively to be taxed at later, and thus lower, rates and higher allowances.

Alec W. Napier, Wexlesham Grange, Farnham, Surrey.

## Costs

From Mr. H. Holden

Sir.—In a country like ours where the farming industry's vote is relatively small no Government is likely to be much influenced by its lobbying. Effectively the only power it has is wielded by a small number of big cereal farmers whose contributions to political funds are neither inconsiderable nor impartial.

Just in the same way industry in general has a lopsided influence on governments: the smaller businesses have not the financial clout to assert themselves as their bigger brothers do despite their far greater voting numbers. Thus, the case of the dairy farms presented by Anthony Rosen (August 12) falls into the general industrial pattern and cannot properly be considered in isolation.

In the realm of manufacturing industry, where I try to breathe, there are two ways of dealing with unprofitability; you can raise prices or you can reduce costs. If you can do neither, then you are in dead trouble. Mr. Rosen complains strongly that he is being thumped on prices and costs: though he has an inestimable advantage over a small manufacturer by virtue of a guaranteed market for all the production he can finance, and far better access to bank money when his own runs out, he is nevertheless now a member of the club. He fears import penetration without apparently seeing that a higher price for home-produced milk would price him out of his market and let in as big a flood of continental milk in cartons as would the shortages resulting from a cut in his production.

Now the common factor that emerges from examination of our joint misery is that the really serious import penetration or threat of it, which bars a solution through higher home prices comes from quite near at hand, not Japan or East Germany. So do the really serious cost increases which bar the alternative solution; mostly

they are attributable to the upward "harmonising" of EEC energy and food prices. Let Mr. Rosen think not only of his diesel fuel but even of his energy-intensive sulphate of ammonia. And I'm sure he knows about the import levies (for the Common Market budget) which maintain the high prices for his bought feedstuffs.

As another letter on the same page hinted there are some Continental industries where special low prices for energy seem to apply, and there is talk of our Government doing something similar for our steel producers. I wish it would. Once started it could quite easily and without subsidy provide all our industries with energy at 40 per cent below today's artificially high prices. What a difference that would make! And it could cut wage demands at a stroke too by ceasing to keep out food for man and beast at the far lower prices that obtain in the free world outside the Community.

Even if I were not, as I always have been, bitterly opposed to our membership of the Common Market on other grounds, I would today have to think seriously whether we might not be a lot better off out of it. Nobody at all can tell me one single tangible advantage that has accrued to Britain as a result of, or even since, our accession in 1973. H. Patrick Holden, Hayes, Kilmersdon, Bath.

## Water

From the Joint Managing Director, Smith and Grace Screw Pulley Co.

Sir.—We were interested in the letter from Mr. V. Wilmoth (August 7) regarding enormous increases in water authority charges particularly under the new management.

Though under the Anglian Water Authority the treatment we are experiencing is much the same and enormous increases have recently come into being.

As a small engineering busi-

ness well over 100 years old we are doing our utmost to survive and it so happens that in the middle of our works we have a well which we have harnessed to a motorised pump and recycle the bulk of our water continuously to cool compressors, etc. We have three other meters which are read quarterly serving a canteen and works washing facilities, the offices and means of damping down a furnace. The total of these three usually comes to approximately £20-22, but the authority not satisfied with the quantities we are using has introduced a "charge required to meet minimum charge" and added some £51.50 to bring our commitment to £73.50.

It is outrageous that at a time when we are urged to use less (especially in times of drought) that such iniquitous charges can be thought up.

We are saying therefore that our increase has worked out to approximately 240 per cent for helping ourselves and keeping down our costs. We believe there is evidence of huge sums being wasted and careful users are being preyed upon to foot the bill.

J. A. Smith, Smith and Grace Screw Pulley Co., Thrapston, Kettering, Northants.

## Prices

From Mr. N. Davis

Sir.—I was very intrigued with your table of domestic gas prices published in page 3 last Saturday.

If this table is correct two rather extraordinary facts emerge: as the pound rises in value the price of gas on the Continent falls in proportion and all the inhabitants of the countries in the table appear to pay their gas bills in sterling.

These facts are evidently incorrect and who ever compiled the table has fallen into the trap of trying to treat the rate of exchange of currencies as a constant which can be used as a conversion factor like convert-

ing pounds to kilograms or miles to kilometres.

The absurdity of attempting to compare prices in this way can be demonstrated by putting the same method into reverse. For instance if the German mark rose by 10 per cent in value the price of British gas would be reduced by 10 per cent but only to the German visitor paying a gas bill in Britain with marks brought with him from Germany!

It might be argued that the table shown was correct on January 1, 1980. What about January 2 or 3 and what time of the day on December 31, 1979, were the exchange rates taken, morning or afternoon? There would be marginal differences.

I am afraid there is no way where comparisons of prices in different countries can be made, by using the rate of exchange, which is, after all only the buying and selling price of one currency against another.

Even the Consumers Association gave up trying to do this, and the nearest approach to comparisons it could get, was to determine how many hours work at average wage could buy a given product in a given country and even this was probably out of date within hours in the same way as trying to use the rate of exchange.

This fallacy has been perpetuated for a long time now by people in authority who should know better but frequently use it for their own arguments, but I have yet to hear anyone claim that in the period of time that it has taken the pound to rise about 10 per cent against the French franc that salaries and incomes in France have fallen by 10 per cent.

Norman D. Davis, 37, Elms Avenue, Parkstone, Poole, Dorset.

## Pay

From Mr. P. Brown

Sir.—Our latest indicator of salary settlements in the private sector, based on observations between March and June, shows a four monthly unadjusted rate of increase down to 2.3 per cent.

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## Corah profit down midway

Corah, Leicester-based maker and distributor of knitted clothing and fabrics, reports pre-tax profits down from £1.85m to £1.02m on turnover of £19.59m against £19.65m.

Slimmer margins and high interest have continued to affect profits but, set against this, the group's substantial investment programme during 1979 has already shown encouraging improvements in efficiency, the directors report.

Despite difficult trading conditions, manufacturing resources are well covered by the present

order book for the rest of the year, they add. One of the group's largest customers is Mar's and Spencer.

First half tax charge is £185,000 (£850,000), giving earnings per share of 2.9p against 4.1p. The interim dividend is maintained at 1.25p—last year's total was 2.9p from pre-tax profits of £3.04m.

Current economic conditions have inhibited the capital expenditure programme, but the Board is continuing to pursue a policy of significant investment in modern technology. It is the directors' belief that this is the

only way the group will improve its market position and compete better with low cost imports.

### comment

The 45 per cent profits decline reported by Corah compares with a fall of only a third at Nottingham Manufacturing, but Corah is having to support a steep rise in interest costs to finance its heavy spending programme. The pre-tax margin of 5.2 per cent is respectable considering the pressure being applied by the group's custo-

mers, notably M & S, and these half-time figures compare with a period boosted by spending ahead of the VAT rise. Autumn stocks, which last year were in the shops by mid-year, are this time still in warehouses. A more normal trading pattern should enable Corah to approach last year's profit of £2m which would leave the shares, up 2p at 30p yesterday, on a prospective full-year p/e of 5.9. The rating places some faith in the benefits of the present spending, but shareholders can be comforted that a yield of 14.4 per cent until these come through.

## Catalin dives to £0.1m loss

AFTER FORECASTING at the annual meeting that first half results would be "significantly inferior" to those achieved last year, Mr. A. J. Perryman, chairman of Catalin, says he did not anticipate the current poor results, which show a loss.

In the six months to June 29, 1980, the company, manufacturer of industrial resins and resin-treated papers, incurred a pre-tax loss of £195,000 compared with a profit of £190,000 last time.

The chairman says results for the second half are unlikely to be appreciably different from those now reported. At Wix International Corporation, in which Catalin has a 40 per cent interest, he expects losses in the second half to be lower than in the first half, but it is not expected to become profitable until 1981.

Catalin suffered a trading loss of approximately £30,000 from its Walthamstow factory (previously Restalms). Action is being taken to improve efficiency wherever possible and a complete rationalisation programme is under review.

The first indications are that the fulfilment of such a plan would markedly improve profitability, even in bad times such as the present.

Mr. Perryman says about 60 per cent of the company's costs are raw materials and, in theory, it should now be receiving very much reduced prices from its raw material suppliers. Apart from a few exceptional cases, the company has yet to see such reductions.

Turnover for the first six months advanced by £100,000 to £24.9m. The net loss after tax and minorities was £98,000 (£profit £90,000).

Although sales were similar in the first half to the previous year, higher costs all round and competitive pressures have led to the strong pound causing appreciably lower margins.

Destocking by most of its major companies, particularly in the furniture industry, has caused a big drop in production. An increase of 96 per cent in export sales has made up much of this, but at significantly lower margins.

The chairman says Wix has been an unmitigated disaster. Sales were about 10 per cent higher, but this increase failed to offset the big increase in costs and lower margins due to very stiff competition.

The directors found Wix heavily over-stuffed when demand dropped so suddenly and the company was forced to make no less than 60 per cent of its workforce redundant with resulting high redundancy payments. The chairman says this savage setback has severely stretched cash resources, and this will continue until there is a reduction in high stock levels and the company's losses.

In the company's annual statement it was proposed to alter the date of the interim dividend payment. In the prevailing conditions, the board now feels this is premature and they propose this year, at least, to continue the practice of announcing the interim dividend in December for payment in January.

When the company is back on course, they will adopt the policy as outlined in the annual statement.

Last year's total payment was £3,470p with an interest of 0.83p. Pre-tax profits for the full year were £427,000 (£350,000).

## BIDS AND DEALS

### Thorn EMI sells its interest in Tricity Finance

Thorn EMI, electronic lighting and engineering group, has reached agreement to sell its 49 per cent interest in Tricity Finance to Lombard North Central for £4.5m, payable in cash on completion.

Tricity Finance was formed by Thorn Electrical Industries in 1955 and has been jointly owned with Lombard, which is a subsidiary of National Westminster Bank, since 1959.

Reo, and his daughter, Mrs. Ridi Christopoulos, the acquisition is subject to shareholder approval.

### WEEKS PETROLEUM U.S. EXPANSION

Weeks Petroleum has agreed, subject to appropriate government clearances, to acquire 25 per cent of Ogle Resources, Inc. through an exchange of assets and stock.

ORI is a newly formed corporation with extensive interests in U.S. oil, gas and mineral properties. Weeks believes it is to its advantage to exchange its mature producing properties for an interest in a company with a great diversity of exploration and production potential and with producing properties.

Weeks will be issued with 379,235 new shares in ORI. In exchange, ORI will acquire Weeks' wholly-owned subsidiary, Weeks Petroleum Corporation, and will be issued with 2,27m ordinary shares in Weeks (approximately 4.5 per cent of the existing ordinary and preferred share capital).

Application will be made to The Stock Exchange for the listing of the new Weeks ordinary shares.

At current middle market prices, the new shares would be valued at \$8.6m which ORI will hold as an investment. Following the transaction ORI will have assets of some \$200m. A Weeks nominee will be appointed to the ORI board.

### ELECTRONIC RENTALS

Philips Industries has reduced its shareholding in Electronic Rentals Group by selling 700,000 ordinary shares. Philips' revised shareholding in the company is 33.7 per cent and upon successful completion of the conditional share placing in relation to the Rentacolor acquisition by ERG the stake will be further reduced to 33.2 per cent.

This disposal represents only a minor adjustment to Philips' shareholding and Electronic Rentals Group is informed that it is not Philips' intention to make any major disinvestment.

### REO STAKIS

Reo Stakis Organisation has agreed to purchase Douglasston Estate, Glasgow, from Baverstone Securities for £500,000 to be satisfied by the issue of Reo ordinary shares.

The estate includes Douglasston golf course and clubhouse. As Ravenstone is controlled by Mr. Reo Stakis, the chairman of

## Two Nelson David directors resign

MR. THOMAS OWEN and Mr. Howell David, have resigned as directors of Nelson David, the car and commercial vehicle retailer and repairer following a disagreement over group policy.

Miss Perdita Erith, a director, said yesterday that the two directors had been unable to accept group management objectives especially with regard to commercial vehicle stock levels at Nelson Garages (Swansea), the subsidiary for which they were responsible.

Miss Erith said that the Swansea-Vauxhall and Bedford operation, one of the largest subsidiaries of the group with a turnover of £3m, was found to have an "unacceptably high" level of commercial vehicles stocks.

There was a "fundamental difference of opinion" with the two directors over the group's stocking policy in times of high interest rates and it was agreed that they should "be a parting of the ways".

Both directors are to be paid £10,000 compensation for loss of office apart from whatever other benefits they are entitled to.

Mr. David and Mr. Owen between them own some 330,000 shares and it is understood that around 100,000 of these shares changed hands in the market.

The shares price, which had risen sharply, to 8p in late dealings on Thursday, closed in higher yesterday after fluctuating between 4p and 10p.

### MALAYSIAN TIN DREDGING

The directors of Malaysian Tin Dredging say merger acceptance from Southern Malaysian Tin, Southern Kinta Consolidated,

## Pifco advances to £2m year end

After rising from £501,000 to £655,000 at midway, pre-tax profits of Pifco Holdings, electrical appliances group, advanced to £2.01m for the year ended April 30, 1980, compared with £1.62m.

Result included investment income of £480,000 (£238,000) but was subject to tax of £802,000 against £770,000.

Earnings per 20p share are shown as 26.14p (17p) and the dividend is stepped up to 4.5p (4p) net with a final of 3.2p.

At a time when a great many companies are reeling from interest charges, Pifco has derived 24 per cent of its pre-tax profits from investment income. The company now has rather more than £3m cash on deposit and no particular plans for acquisitions. With some companies that might make a potential candidate for a bid, at Pifco the Webber family have voting control and such a fate is not on the cards. The liquidity reflects the innate caution of a company which is determined to carry on as it always has done—plugging away at its traditional business. Pifco is not giving much away about its experience in the current year but does not seem to have suffered any material drop in demand. At 156p, up 6p, the "A" shares produce a yield of 4.4 per cent with a fully taxed p/e of about 24, which looks right for a share which is sound but rather unexciting.

## May & Hassell outlook

Turnover, volume and margins of May & Hassell, timber group, were down and first quarter profits would be disappointing, Mr. J. H. B. Askey, chairman, told the annual meeting.

However the group was still very highly bought for forward contracts and with reducing stocks, the cash flow was causing no problems.

With these conditions and a fall in the timber market, the advantage must be with the group to perform strongly in the second half. The chairman drew shareholders' attention to the fact that the group had made a profit for over forty years and always paid a dividend.

### EXTEL GROUP

The name of the parent company of the Extel Group has now been changed from the Exchange Telegraph Company (Holdings) Limited to Extel Group Limited.

### DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. Div.	Total last year	Total this year
Corah	1.25	Oct. 1	1.25	2.9	2.9
David Dixon	7.73	Oct. 1	6.72	9.95	8.5
Gaskell Broadloom Int.	1	Oct. 1	1	2.5	2.5
Gold Fields SA	270t	Oct. 3	155	400	225
Macdonald Martin A Int.	3	Oct. 2	3	11.5	11.5
Macdonald Martin B Int.	1.5	Oct. 2	1.5	5.75	5.75
Olives Paper	Nil	Oct. 7	0.73	5	5
Phoenix Timber	3.2	Oct. 9	3.05	4.8	4
Pifco	1.2	Oct. 6	1.5	4.8	4.8
Relyon PBWS	1.25	Oct. 6	1.25	4.8	4.8

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ South African Cents throughout.

## Phoenix Timber hit by high interest

EXTERNAL sales of the Phoenix Timber Company, rose 25 per cent to £41.55m in the year ended March 31, 1980, but increased interest charges of £1.75m against £1.17m pulled pre-tax profit back from £342,000 to £230,000.

However, the board is maintaining the total dividend at 5p per 20p share out of substantial reserves. The final is an unchanged 3p.

The directors are confident that the group will withstand the present recession and will be well placed to take advantage of any improvement in the economic activity. Shareholders' funds at March 31 this year were £9.55m compared with £9.93m a year earlier.

Group trading profit of £2.07m against £1.51m is after deducting £75,000 losses on several un-economic businesses which were closed during the year.

	1979-80	1978-79
External sales	44,346	35,557
Interest	2,020	1,311
Int. & financial chgs	1,750	1,169
Profit before tax	330	342
Tax	56	7
Net profit	282	335
Minorities	—	48
Attributable	256	287
Extraordinary items	—	—
Dividends	152	146
Retained forward	5,646	5,792

Further losses and terminal costs have been written off as extraordinary items of £256,000. State earnings are 8.9p (9.9p) basic and 10.6p (16.3p) on a nil basis.

Re-appraisal of group properties is in progress and since the end of the financial year, realisations have produced £450,000—further sales are being negotiated, the board adds. In addition, annual cost savings amounting to £700,000 have also been made, effective from the current year.

### comment

Only once in the past six years has Phoenix managed a respectable return on capital and the shares, up 2p to 133p, derive far more support from the asset backing of around 330p than from trading prospects. A second-half loss of £210,000 and significant expected to fall by around 10 per cent again be struggling. Falling

closure costs have wiped out attributable earnings but the group is maintaining its dividend on the strength of future prospects. These look difficult at best. Concentrated in the wholesale end of the timber business, Phoenix operates on very low margins which can be whittled away by high interest charges. With timber demand expected to fall by around 10 per cent this year, and with the strong pound causing at least some stock losses, Phoenix will again be struggling. Falling interest rates will bring some relief and the current programme of asset disposals may strengthen the balance-sheet but, on a yield of 6.5 per cent, the shares must be viewed primarily as an asset play.

## Chamberlain Phipps sees fall at six months

AT THE annual meeting of Chamberlain Phipps, maker of components for the footwear, clothing and automotive industries, Mr. W. R. Chamberlain, the chairman, warned that profit for the first half of this year would be less than last year, while the prevailing trading climate in the UK left little cause for optimism.

Overseas group companies had a good first quarter with profits better than budget and greater than last year.

In the UK trading was reasonably during April and May but since then it had been poor.

The company was maintaining a good volume of exports but at low profit margins.

High interest rates continued to affect profits in the UK, although borrowings were being stringently controlled, Mr. Chamberlain said.

He was convinced that the group's diversity of interests and structure would enable it to weather the present difficult economic conditions.

For the year ended March 31, 1980, pre-tax profits were £3.15m (£3.39m).

Turnover was down 12 per cent to £5.7m (£6.48m) and reflected the depressed trading conditions, the directors state.

While the immediate future is unlikely to show a return to the level of trading experienced in 1979, they view longer-term prospects with confidence.

Mr. H. Brockschaw, the chairman, says it is difficult to make a precise forecast for the second half, but in respect of the major subsidiary manufacturing Relyon beds "it does appear that to extensive de-stocking carried out by retailers is now at an end, and our order position is much healthier than of late."

Trading profit and investment income amounted to £568,000, against £921,000, and pre-tax figures were struck after interest of £10,000 (same) on unsecured loan stock.

After corporation tax of £290,000, compared with £474,000,

## Decline at David Dixon

WITH second half pre-tax profits falling from £497,092 to £338,410, David Dixon and Son Holdings reports a drop from £562,566 to £279,764 for the full year to March 29, 1980.

Turnover of this manufacturer of ladies' and men's hosiery, underwear, woollen cloth and other products, was lower at £10.46m compared with £11.06m. First-half turnover was affected as a result of a fire at the company's Leek factory early in the year.

The board considers that the reported profit is good when taking into account the greatly

reduced contribution from the woollen cloth subsidiaries.

Conversely, all other group divisions have produced record profits despite difficult trading conditions in the last quarter. In spite of these problems, which have continued into the current year, the hosiery and underwear/leisurewear activities are performing well and the company has recently negotiated a contract which will keep its children's sock division at full capacity for the next year.

After tax of £229,488 (£138,783), net profits came out at £550,379 against £573,783, and

stated earnings per 25p share are considerably lower at 29.7p (£1.3p). The final dividend is raised from 6.745p to 7.73p for a total of 9.95p (£3.5p).

The board says new factories have recently been erected for fabric production at Leek, and fine gauge hosiery at Sutton-in-Ashfield. An extension of the underwear and leisurewear factories also at Sutton, has just been completed.

All these have been equipped with the most modern machinery which should form a sound base for future growth, directors state.

## Roskill margins still under pressure

For the current year, Mr. J. L. Ingles, chairman of Roskill Holdings, expects the group at least to maintain turnover but anticipates continued pressure on margins due to severe competition.

As against this, the group is deriving benefit from a vigorous

pursuit of opportunities to improve the group's cost structure and efficiency which will help to cope with immediate difficulties and to take advantage of any upturn in trading.

The market for the UK companies' products are depressed and the chairman feels that it is unlikely to become more buoyant in the current period. The group sells ladies' and children's clothing by direct sales methods.

The rate of UK inflation together with strong sterling have eroded the group's product price competitiveness in the Dutch market and reduced profit margins achievable.

With the present very high value of sterling, it is difficult to be at all optimistic about the short term performance of the Dutch subsidiary and decisions as to its future will be taken in the light of its long term viability, the chairman says.

At present, the directors have taken measures to cut overhead costs substantially.

In the 53 weeks to May 31, 1980, the group reported pre-tax profits of £725,064 against £1.13m turnover of £3,779m, compared with £227.87m. Of the turnover and trading profit, the UK and Eire companies contributed £25.32m and £922,787 and the Dutch subsidiary, £1.41m and a trading loss of £114,481 (£6,935 profit).

### GRINDLAY'S FORMS NEW DIVISION

Grindlay Brands Insurance Brokers, a subsidiary of Grindlay's Bank, has formed a new division to handle the insurances of financial institutions.

Mr. Jeffrey Funnell has been appointed a director of Grindlay Brands Insurance Brokers and managing director of the financial institutions division.

At May 31, 1980, Industrial and Commercial Finance Corporation held 26.34 per cent of the group's ordinary shares and Grapefield, 9 per cent.

Meeting, Burton-on-Trent, September 9, at 10 am.

## Olives Paper: no interim

PROFITS before tax of Olives Paper Mill Company, have slumped from £155,130 to £4,536 in the first half of 1980 and to compound matters the directors are deferring consideration of a dividend until the year's results are known.

For 1979, an interim of 0.73p was declared followed by a 0.77p final. Pre-tax profits for the year amounted to £285,000.

The directors explain that in the last few months, the paper trade suffered a severe downturn in demand with the result that the group has been unable to recover increased costs.

First half tax charge is £3,000 (£34,000) with earnings per share stated as 0.08p against 2.31p.

The directors say the Government's energy policy has a particularly damaging effect on the papermaking industry and the group is currently paying substantially more for fuel and power than overseas competitors. In these circumstances the Board has curtailed production.

The capital expenditure programme is now nearing completion, but the group will be unable to gain full benefit from the investment until market conditions improve.

Plans for further capital expenditure have been deferred until there is clear evidence of a return to more normal trading conditions. In the meantime, the directors are continuing to enforce strict financial disciplines and doing everything possible to reduce costs.

### MINING NEWS

## Earnings of GFSA stride ahead

BY KENNETH MARSTON, MINING EDITOR

A PERIOD of striking growth in the prosperity of South Africa's gold mining industry is reflected in the results for the year to June 30 of Gold Fields of South Africa, 46 per cent owned by London's Consolidated Gold Fields. Earnings have advanced to R125.4m (£69.5m), equal to 785 cents per share, from R66.7m in the previous 12 months.

The group is thus boosting its

final dividend to 270 cents (150p) to make a total for the year of 400 cents against 225 cents for 1978-79, the latest payment being almost twice covered by earnings.

GFSA says that in order to avoid payment of South Africa's undistributed profits tax it will be necessary to pay part of the amount which will be available for the current year's interim, before the end of 1980. Because

of this, the board intends to declare a first interim for 1980-81 of 55 cents in November and the balance as a second interim in February, 1981.

The results of GFSA speak for themselves. As in the case of the recent first half results from Anglo American Gold Investment, the company has been reaping the harvest of rising dividends from the gold mines; GFSA has been indulging

in little share selling activities, leaving well alone.

But the group is also expanding in the base-metal field, notably in the partnership with America's Phelps Dodge at the big new Black Mountain mine in the north-west Cape which bodes to become a real money-spinner and is expected to become financially self-supporting this year.

Nickel refinery which cleared the back-log of stocks. Higher metal prices were received but the heavy burden of interest payments had to be shouldered.

The net result is that Botrest comes out with a net loss of P7.4m (£4.24m) which compares with P4.0m in the same period of last year. It raises the accumulated loss to P7.23m.

Thus Botrest faces a long haul to better times and in view of the recent loan restructuring scheme the possibility of dividends becoming remote, "not for the foreseeable future" as the company puts it.

## Results due next week

Oil companies come in all different shapes and sizes and there is quite a contrast between Royal Dutch/Shell and London and Scottish Marine Oil Company which are reporting first half figures on Thursday and Tuesday respectively. Most analysts expect Shell's second quarter net income to be around £650m against £710m in the first three months. The main difference is that stock profits will be much lower than the £520m in the first quarter, possibly by as much as £200m. Working in the opposite direction, however, is the FAS 8 currency adjustment which was negative by about £70m, but which in the second quarter should make a positive difference of over £100m.

Although natural gas and chemical earnings will be down there should be better contributions from Shell Canada and Shell's equity crude production

is likely to be higher.

As far as LASMO is concerned, the first half of this year does not make much of a comparison because production from Ninian was only just beginning to build up. But in the second half the company made £21.4m and it should do just slightly better than that at the interim stage of the current year.

Barclays Bank will be the last of the four major clearing banks to reveal its interim figures when it makes an announcement next Thursday. But this has been a strange season for the banking world and the joker has been wild with respect to bad debt provisions. Analysts have been revising their forecasts downward and the range of estimates for the pre-tax profit from Barclays now fluctuates between £250m and £280m, against last year's £244m in the first half. Growth will have been helped

by higher loan volumes and interest levels, as well as a good contribution from South Africa. But the bad debt provision could be around £60m. The interim dividend may be up to nearly 10p net against 8.25p last year, a rise of 20 per cent.

Leading composite, Royal Insurance, reports its interim results on Monday, following Commercial Union and General Accident this week. Like CU and GA, it is anticipated that underwriting losses will worsen in North America, offset partly by an improving position in the UK. However, continued steady growth in investment income should ensure that pre-tax profits for the half-way stage of 1980 will be around £33m against £27m in the first half of last year. The anticipated rise in the interim dividend is of the order of 10 per cent.

\* Analysts are expecting pre-tax

Announcement due	Dividend (p)*		
	Last Year		This Year
	Int.	Final	Int.
Tuesday	1.75	4.0	1.75
Thursday	1.0	1.0	
Monday	0.32428	0.5612	0.5952
Thursday	1.4	2.75	1.4
Monday	2.1125	4.0505	2.1125
Monday	4.875	14.0	4.875
Monday	1.4	2.1	1.5
		16.0	
Tuesday	0.875	1.825	1.35
Tuesday	0.884	1.776	1.4
Monday	1.5	1.5	1.6
Monday	3.26	3.26	3.5
Thursday	1.68333	4.125	1.49
Thursday	1.54	2.149	1.54
Tuesday	0.28	2.72	0.5
Wednesday	0.737	1.68	0.8



# SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and deals

The Trustee Savings Banks group is to take over 75 per cent of United Dominions Trust's £450m instalment credit business as part of a plan to establish itself as a major force in retail banking. Under the deal, which required Treasury and Bank of England consent, the TSB will inject £57.75m into a slimmed down UDT which will be stripped of all but its HP business. UDT's other trading operations, which range from the International Commodities Clearing House to Swan National, the motor hire group, are to be transferred to a new holding company, Endeavour Investments. Endeavour will retain a 25 per cent interest in UDT and the latter's shareholders will be offered new shares in Endeavour to replace existing ones. The deal ends six years of struggling for UDT following the 1974 secondary banking crisis when the company was propped up by £500m support loans.

One of the UK's major manufacturers, Pegler-Hattersley, in association with its partner Rockwell International, agreed to sell the jointly-owned McEvoy Oilfield Equipment operations to Smith International of Newport, California, for an expected consideration of about \$80m.

Hiram Walker, the Canadian company, disposed of its near-entire stake in Highland Distilleries worth £3.98m to a number of institutions following its unsuccessful £80m takeover attempt for Highland which was vetoed by the Monopolies Commission.

The Stock Exchange listing of Tanjong Tin Dredging was restored following the announcement that the D. Kuok family interests of Malaysia had increased their stake in the company to 25.89 per cent and intended to make a 105p per share cash offer for the remaining shares.

Dealings in Edward Le Bas were suspended at the company's request at 5.30 pending the outcome of discussions which may result in the majority shareholder, Le Bas Investment Trust, making an offer for the outstanding 48.8 per cent minority.

Rothschild Investment Trust sold the bulk of its holding in Savoy Hotel to an unnamed buyer, believed to be the Kuwait Investment Office.

Yule Catto's bid for Revertex is based on nine Yule Catto shares plus 15 new 11p per cent cumulative redeemable preference shares 1998-2003 for every 50 Revertex ordinary shares, worth about 47p per Revertex share; recent Bids and Deals tables incorrectly indicated a cash bid of 50p per share.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder	Final Acc't date
Hay's Wharf	250*	247	272	53.74	Kuwait Inv. Office	27/8
Reascher	102*	103	78	1.83	Tebbit	27/8
Reascher A	98*	101	75	3.17	Tebbit	27/8
Kayser Bondor	100*	46	56	0.67	Courtaulds	27/8
Lidstone	280*	310	290	0.51	Gresham Hse.	27/8
Macanle (Lond.)	30*	30	33	0.38	Courtaulds	27/8
Manson Trust	30*	45	33	3.94	Hong Leong	27/8
Mackinnon Scot.	49	47	25	1.18	Dawson	27/8
Marshall Cuvash.	31*	31	27	4.60	Times Publish.	27/8
Nationwide Leisure	6*	6	9	0.66	Rantledge	27/8
Revertex	478*	43	44	6.89	Yule Catto	27/8
Rolls-Royce	62*	60	56	36.93	Simon and Coates	11/8
RTD	5*	12	6	0.12	Simon and Coates	11/8
Selection Trust	122*	122	121	405.15	BP	10/8
Stanhope Gal. Inv.	200*	192	170	2.56	Dares Estates	10/8
UK Props.	53*	51	47	22.44	British Land	28/8
Wilkinson Match	187*	177	180	29.73	Alloy	28/8
Wolf Electric	121	115	62	15.96	Dobson Bank	15/8

\* All cash offer. \* Cash alternative. † Partial bid. ‡ For capital not already held. § Combined market capitalisation. \*\* Based on which scheme is expected to become operative. †† Based on 15/8/80. ††† Suspension. †††† Estimated. ††††† Shares and cash. ††††† Unconditional. ††††† Ordinary share alternative.

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## Rights Issues

Moorgate Mercantile: Rights issue on the basis of one for four at 14p to raise £9.5m†

## Scrip Issues

AGB Research: One for three.  
Property Security Investment Trust: One for four.

## Offers for sale, placings & introductions

Teset Services: Has raised £5m through the private placing of 500,000 ordinary shares of £1 at £4 each and £3m worth of variable rate convertible unsecured loan notes 1987-90.

United Energy Resources: London listing of 25,958,736 shares of common stock of U.S. \$1 par value.

## PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Ashwood Machine	Mar. 1980	(75)	(2.1)	(0.4)
AGB Research	Apr. 2,900	(2,336)	12.2	(8.8)
Allen (W.G.)	Mar. 668	(661)	13.2	(10.0)
Amalgamated Est.	Mar. 331L	(116)	(—)	(—)
Assam Trading	Mar. 1,520	(1,410)	29.7	(26.8)
Cooper Inds.	Apr. 728	(2,052)	1.4	(3.7)
Glossop (W. & J.)	Jan. 422L	(502)	(—)	(4.2)
Grant Bros.	Jan. 60L	(68)	11.4	(1.6)
Hallite	May 786	(528)	24.4	(18.8)
Rwd. Shuttering	Apr. 583	(410)	5.7	(4.0)
Imry Property	Mar. 1,220	(780)	12.0	(8.4)
Letrasat	Apr. 12,100	(10,510)	16.2	(18.7)
Newmark (Lons)	Mar. 2,310	(1,975)	35.0	(30.0)
Prop. Security	Mar. 865	(360)	2.9	(1.2)
Reardon Smith	Mar. 118	(2,060)	4.0	(—)
Roskill Etdgs.	May 728	(1,126)	6.6	(10.8)
UDT	June 11,200	(30,100)	5.2	(12.4)
Webb (Joseph)	Mar. 581	(528)	2.4	(2.4)

## INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends* per share (p)
Aquid Securities	June 82	(154)	0.3
Automotive Prod.	June 2,170	(7,880)	1.5
BOC International	June 47,700†	(51,400)†	(—)
BPC	June 6,540L	(60)	(1.1)
Carriage Viyella	June 1,210L	(5,090)	(—)
Comben Group	June 2,810	(2,300)	1.2
Commer. Union	June 57,600	(58,100)	4.4
Dreamland Elect.	June 1,011L	(425)	0.35
General Accident	June 40,000	(30,500)	8.25
Horizon Travel	June 540	(498)	2.5
Manchester Ship	June 356	(1,970)	7.5
Nottingham Mng.	June 4,050	(6,050)	1.0
Ratcliffe (Gt.Bdg.)	June 65	(838)	0.75
Securicor Group	Mar. 3,270	(2,850)	0.5
Security Services	Mar. 2,860	(2,288)	0.91
Squirrel Horn	June 150	(318)	0.75
Transport Derpt.	June 13,210	(1,560)	1.45
Ultramar	June 60,000	(28,400)	4.0
Unilever	June 317,500	(306,400)	(—)
Woolworth (F.W.)	July 291	(16,260)	1.23

(Figures in parentheses are for corresponding period.)  
\* Dividends shown net except where otherwise stated. † First nine months. † Loss.

## BASE LENDING RATES

Bank	Rate	Bank	Rate
A.B.N. Bank	18%	Hambros Bank	16%
Allied Irish Bank	18%	Hill Samuel	16%
American Express Bk.	18%	Hoare & Co.	16%
Amro Bank	18%	Hongkong & Shanghai	18%
Bank of America	18%	Industrial Bk. of Scot.	16%
Bank of Canada	18%	Keyser Ullmann	16%
Bank of Cyprus	18%	Knowles & Co. Ltd.	18%
Bank of N.W.	18%	Langris Trust Ltd.	18%
Bank of Paris	18%	Leeds Bank	16%
Bank of Rome	18%	London & Lancashire	16%
Bank of Scotland	18%	Midland Bank	16%
Bank of Spain	18%	Morgan Grenfell	16%
Bank of Sweden	18%	National Westminster	16%
Bank of Switzerland	18%	Norwich General Trust	16%
Bank of the South Seas	18%	P. S. Refson & Co.	16%
Bank of Tokyo	18%	Rossminster	16%
Bank of the West	18%	Ryl. Bk. Canada (Ldn.)	16%
Bank of the West Indies	18%	Schlesinger Limited	16%
Bank of the West Indies	18%	St. E. Schwab	16%
Bank of the West Indies	18%	Standard Chartered	16%
Bank of the West Indies	18%	Trade Dev. Bank	16%
Bank of the West Indies	18%	Trustee Savings Bank	16%
Bank of the West Indies	18%	Twentieth Century Bk.	16%
Bank of the West Indies	18%	United Bank of Kuwait	16%
Bank of the West Indies	18%	Whiteway Laidlaw	16%
Bank of the West Indies	18%	Williams & Glyn's	16%
Bank of the West Indies	18%	Wm. Trust Secs. Ltd.	16%
Bank of the West Indies	18%	Yorkshire Bank	16%
Bank of the West Indies	18%	Yorkebank	16%

## GOLD FIELDS GROUP GOLD FIELDS OF SOUTH AFRICA LIMITED

(Incorporated in the Republic of South Africa)  
Preliminary Announcement of Results  
The audited consolidated profit for the year ended 30 June 1980 is as follows:

	Year ended 30 June 1980	Year ended 30 June 1979
Income from investments	124,001	60,983
Surplus on realisation of investments	1,490	7,258
Income from fees, interest, etc.	29,532	22,324
	155,043	90,575
Expenditure and amounts written off	26,017	22,065
Administration, technical and general	18,238	14,502
Interest paid	3,562	5,294
Drilling and prospecting	4,206	2,193
Written off	9	116
Profit before taxation	129,026	68,510
Less:	3,655	1,827
Taxation	2,808	1,503
Minority shareholders' interest	547	324
Profit attributable to GFSA members	125,371	66,863
Dividends declared:		
Interim 130c (70c)	21,217	11,416
Final 270c (155c)	44,065	25,279
	65,282	36,695
Profit retained	60,089	29,938
	125,371	66,863
Earnings per share—cents	768	409
Times dividend covered	1.9	1.8
Net assets (as valued) per share—cents	11,636	5,748

These results are published in advance of the annual report which will be posted to members on or about 22 September 1980.

**Dividends**  
The profit attributable to members increased by 88 per cent to R125,371,000 and, after taking all relevant factors into consideration the board of directors decided that it would be appropriate to increase the total dividends for the year ended 30 June 1980 by 78 per cent to 400 cents per share, absorbing R65,282,000.

In order to avoid the payment of Undistributed Profits Tax, it will be necessary to declare and pay a portion of the amount which becomes available for the payment of the interim dividend for the year ending 30 June 1981, before 31 December 1980. Accordingly, it is the intention of the board of directors to declare a first interim dividend of 55 cents per share in November 1980 and the balance will be declared as a second interim dividend in February 1981.

**DECLARATION OF FINAL DIVIDEND**  
Dividend No. 63 of 270 cents per share in respect of the year ended 30 June 1980 has been declared in South African currency, payable to members registered at the close of business on 29 August 1980.

Warrants will be posted on or about 2 October 1980. Standard conditions relating to the payment of dividends are obtainable at the share transfer offices and the London Office of the company.

Requests for payment of the dividend in South African currency by members on the United Kingdom register must be received by the company on or before 29 August 1980 in accordance with the above-mentioned conditions.

The Register of Members will be closed from 30 August to 5 September 1980, inclusive.

London Office:  
49 Moorgate  
London EC2R 6BQ  
United Kingdom Registrar:  
Close Registrars Limited  
803 High Road  
Leyton  
London E15 7AA  
15 August 1980

By order of the board,  
C. E. WENNER  
London Secretary

## M. J. H. Nightingale & Co. Limited

27/28 Loyat Lane London EC3R 8EB Telephone 01-621 1212

1979-80	Company	Price	Change Div (p)	%	P/E
High Low					
50	22 Armitage and Rhodes	23	—	3.8	15.5
165	924 Bardon Hill	165	+ 3	9.7	5.9
100	75 Coventry 10.7% PI	75	—	15.3	20.4
107	63 Deborah Hill	98	—	5.2	10.1
123	88 Frank Horsall	124	—	7.9	6.4
129	68 Frederick Parker	68	—	10.0	15.9
150	40 George Blair	30	—	16.8	3.1
84	45 Jackson Group	83	—	6.0	7.2
153	105 James Burroughs	123	+ 1	7.9	6.4
272	242 Robert Jenkins	213	—	10.1	10.1
232	175 Today	220	—	15.1	6.9
34	10 Twinkl Ord.	12	+ 0.5	15.1	3.7
90	70 Twinkl 15% ULS	85	—	15.1	17.6
56	23 Unilock Holdings	47	—	3.0	6.4
50	45 Unilock Holdings New	48	—	3.0	6.4
100	42 Walsby	100	—	5.7	5.4
246	136 W. S. Yates	245	—	12.1	4.9

† Accounts prepared under provisions of SSAP 15.

## MALAYSIA RUBBER IMPROVES

With second-half pre-tax profits advancing from £16,750 to £138,855, the Malaysia Rubber Company reports figures up from £168,662 to £191,912 for the full year to March 31, 1980. After tax up from £70,178 to £98,058, stated earnings per 10p share are down from 5.47p to 5.21p. The total dividend is up from 3.25p to 3.5p with an unchanged final of 2.5p. Retained profits amounted to £20,554 compared with £29,584.

Spain	Price	% + or -
August 14		
Banco Bilbao	246	
Banco Central	248	
Banco Exterior	212	
Banco Hispano	224	
Banco Ind. Cat.	120	
Banco Madrid	141	
Banco Santander	278	
Banco Urquijo	139	
Banco Vazquez	236	
Banco Zaragoza	104	
Dragados	104	+1
Espanola Zinc	63	
Fecsa	63	
Gal. Preciosos	28	+0.5
Hidrofluor	61	-0.2
Petroleos	112	
Repsol	72	
Sofsefia	107	
Telefonica	58.5	
Union Elect.	68	+0.5

## Heron expects increased profits and net worth

ALTHOUGH volatile economic conditions make it difficult to predict the outcome of the current year with any certainty, Mr. Gerald Ronson, chairman of the privately owned Heron Corporation, says in his annual statement that he is confident the group will again produce increased profits.

There will also be a substantial improvement in net worth, he adds, including the surplus which will arise from a property revaluation which has been commissioned.

As known, pre-tax profits in the year to March 31, 1980, rose from £5.23m to £10.79m, despite a sharp downturn in the quoted motor group side from £3.42m to £2.06m. The dividend was effectively maintained at 1.72p.

The group's property portfolio has proved an effective hedge against inflation over the years, states Mr. Ronson, and the board continues to look for other investments which will provide a similar hedge in the next decade.

With this in mind, part of the available funds will be invested in natural resources, and the group is participating in an oil and gas exploration project which covers nine states of the U.S. Initial reports on this project are encouraging, says Mr. Ronson.

Meeting, Carlton Tower Hotel, London, SW, September 5 at noon.

## Macdonald Martin £0.53m

Turnover of Macdonald Martin Distilleries increased from £6.09m to £6.62m in the first six months of 1980 but pre-tax profits were lower at £530,100 against £508,700 after increased interest of £812,300 (£297,900).

The interim dividends on the A and B ordinary shares are being maintained at 3p and 1.5p respectively.

In 1979 A ordinary dividends totalled 11.5p and 5.75p on the B shares.

## STURLA HLDGS.

Acceptances in respect of the two-for-five rights issue of Sturla Holdings have been received for 88.5 per cent of the shares offered. The issue raised £300,000 for the company.

## APPOINTMENTS

## New National Girobank post

Mr. Walter Simpson has been appointed director of business development, NATIONAL GIROBANK, from August 1980. This is a new post and Mr. Simpson's responsibilities will cover business planning and a wide range of business development activities and administrative functions which Girobank's growth entails.

Mr. Simpson is currently director of corporate planning and research at Post Office central headquarters — a post he has held since 1978.

C. T. BOWRING AND CO. has made Mr. R. V. Craig, Mr. J. W. S. Macdonald and Mr. J. W. Ramplin directors. Mr. Ramplin will also become chairman of C. T. Bowring Underwriting Holdings.

The Suffolk-based poultry processing firm, QUINCY FARMS, has appointed Mr. Roger Steeds as director and general







## Companies and Markets

## Profits and pay-out rise at United Overseas

By George Lee in Singapore

UNITED-OVERSEAS Bank, one of the big four banks in Singapore, has announced sharply higher profits, an increased dividend and a rights issue to raise \$92.7m (US\$55m).

For the first six months of 1980, it had pre-tax profits of \$88.8m, a gain of 53 per cent on the same period of 1979. The bank expects earnings for the year as a whole to show significant growth and, meanwhile, is lifting its interim dividend to 6 per cent from 4.17 per cent.

The rights issue is to support the continuing growth of the bank. Capital is going up from \$2.3m to \$2.85m. The issue is to be a one-for-five at \$93 a share.

The rights issue will bring the capital base more into line with the bank's increasing scale of operations and also will enable UOB to act on present and future opportunities in its domestic and international business.

The company expects to at least maintain the same rate of dividend on the enlarged capital.

Sharp profit gains are also reported by the Development Bank of Singapore which is 46 per cent ahead at the operating level for the opening half of 1980. After tax, profits are \$22.4m compared with \$15.3m.

DBS is rewarding shareholders with an interim gross dividend of 7 per cent, the first time it has declared an interim dividend.

Total assets of DBS, which is majority-owned by the Singapore Government, stood at \$6.52bn at the end of June, 27 per cent higher than a year ago.

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## Faster growth in earnings for two Dutch banks

BY CHARLES BATCHELOR IN AMSTERDAM

PROFIT GROWTH at two of the largest Dutch banks, Amsterdam Rotterdam Bank and Algemeene Bank Nederland, accelerated in the first half of 1980. Both banks have increased their interim dividends and are fairly optimistic for profits in the year as a whole.

AMRO, the third largest bank in balance sheet terms, will increase its interim payout to F1 2.50 per share from F1 2.40 last time. Consolidated net profit rose 18.9 per cent to F1 14.8m (\$7.4m) in the first six months compared with the 8 per cent increase achieved for the whole of 1979. AMRO paid F1 11.5m into its provision for general risks against F1 90m last time and set aside F1 10.4m (F1 \$8m) for tax. Profit per share rose 7.5 per cent to F1 5.19 after allowing

for an increase in capital. Balance sheet total rose 8.5 per cent to stand at F1 91.1bn.

Describing the growth of business volume as "satisfactory", AMRO said Euro-currency business rose more quickly than its basic business which expanded by 1.6 per cent. Bank lending rose 14.7 per cent to F1 6.1bn in the 12 months to the end of June.

AMRO expects a further increase in business volume in the second half of the year though the rate of growth will be slower. The bank hopes to achieve a "reasonable" increase in net profit this year.

ABN, which is number two in the Dutch league, plans to increase its interim payment to F1 12.50 per share from F1 12 last year. Net profit rose 22.4 per cent to F1 157.2m following

growth of less than 1 per cent over the whole of 1979. ABN made provisions of F1 90m for general risks against F1 70m last time, and set aside F1 125.8m for tax (F1 106.3m).

Profit per share rose 17.9 per cent to F1 25.89 after making adjustments for the increase in capital. ABN's balance sheet total rose 9.6 per cent to stand at F1 95.1bn (\$49bn) at the end of June.

ABN also reports that the net profit of its fully-owned subsidiary bank bank subsidiary, Mees en Hope, fell slightly in the 1980 first half. Profit was F1 300,000 lower at F1 18.3m. Mees's result is included in ABN's consolidated results.

ABN's Board said it expects a "satisfactory" rise in the level of net profits for the year as a whole.

## Clyde in legal move over bid fight

By James Ford in Sydney

CLYDE INDUSTRIES, the engineering group, has taken legal action to prevent Peko-Wallend, the mining and industrial group, from implementing an agreement which would give it control of Production Equipment, the materials handling company.

Clyde recently made a takeover offer for Production, only to have Peko announce a lower offer and claim that it had already entered into an irrevocable agreement giving it 57 per cent of Production's capital.

Clyde argued that Peko had breached listing requirements by acquiring more than 20 per cent of Production before announcing either a formal offer or that it would stand in the market for one month and take all Production shares offered.

The Melbourne Stock Exchange has to date taken no action on Clyde's complaint. Clyde is also seeking a court order requiring the Exchange to enforce its listing requirements.

If Clyde is successful the Exchange could be required to suspend trading in or delist Peko shares, or alternatively to direct shareholders not to buy Production shares for Peko or parties acting in concert.

Clyde alleges in its writ that Peko has breached both the Companies Act and the stock exchange listing requirements.

In the Supreme Court of Victoria yesterday, Mr. Justice Marks issued interim injunctions restraining Peko and the family interests of the founder, the late Mr. Walter Krass from taking any further steps to implement an alleged irrevocable agreement to sell to Peko their 57 per cent equity in Production.

Clyde and Peko both propose cash offers with alternative share-cash terms. The Clyde cash proposal is A\$4.15 for each Production share—worth A\$16.85m (US\$15.5m) in total—plus the Peko counter is A\$3.75 a share.

## Korvettes' main lenders reach agreement on debts

BY PAUL BETTS IN NEW YORK

THE THREATENED collapse of Korvettes, the financially troubled New York department store chain, appears to have been averted following an agreement between the chain's French parent, Agache Willot, and its main lenders.

The agreement will see an affiliate of the French company acquire Korvettes' outstanding debt of about \$55m and make an immediate payment to the lenders which include three leading New York banks and the Prudential Insurance Company of America.

The part-payment in cash is understood to involve about \$26m, while the balance is expected to be settled early next year.

In turn, the banks have agreed to release about \$5m of Korvettes' deposits seized last week when the chain's chairman, Mr. Joseph Ris, unexpectedly resigned after a "misunderstanding" with the Korvettes' parent company board over the chain's financial rescue plan. Mr. Ris was subsequently reinstated after the problems with the parent were ironed out.

The French group rejected an earlier agreement negotiated between Mr. Ris and Korvettes' lenders involving the conversion of Korvettes' debts into preferred stock and a 25 per cent share in Korvettes' profits for the next seven years for the three banks and insurance company.

In a statement, Korvettes said Agache-Willot proposed to inject substantial working capital into the chain in the hope of restoring confidence in it.

The amount of fresh money to be provided to Korvettes and the latest agreement with the banks has to be discussed and formally approved by the Agache-Willot board meeting in France next week.

Korvettes, New York's second largest retailer, has been operating under extreme financial difficulties for the past two years. It was bought by Agache-Willot last year for \$51m.

Edgar's, South Africa's largest clothing, footwear and household textile retailer, has reported a 52 per cent increase in profits to R33.1m (\$43.70m) for the year to July 5 compared to R21.8m. Turnover rose 29 per cent to R296.2m (\$39m) against R228.9m for last year. The group, which operates 428 stores in Southern Africa, has lifted its final dividend to R2.45 against R1.75 for a year's total of R3.85 against R2.85.

Edgar's has also become the first retailer in South Africa to change to last-in-first-out (Lifo) stock valuation thereby improving cash flow by R1.9m through tax saving. This change meant a reduction in reported earnings to R3.37 a share from R3.75. The 1979 total was R6.50 on the old accounting basis.

Mr. Adrian Bellamy, the managing director, attributes the substantial profit improvement to booming consumer spending and management efforts to cut costs and improve productivity. One measure of the increase in productivity was a rise in sales per square metre of floor area to R928 (from R779).

Three months Copper 902.6-910.4, in very small to very large amounts, on—

1. London Traded commodities, including GOLD.

2. The STERLING/DOLLAR exchange rate.

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## DSM climbs out of the red

BY OUR AMSTERDAM CORRESPONDENT

DSM, the Dutch state-owned chemicals group, made a strong recovery in the first half of 1980 to move strongly out of the red. Business slackened towards the end of the six months, however, and "if this continues the second half will show a considerably lower result," it said.

The company returned to a net profit of F1 92.1m (\$47m) in the first half, compared with a loss of F1 35.6m. The first half exceeded the F1 90m profit recorded in the whole of 1979.

Operating profit increased nearly five-fold but a sharply higher tax charge reduced the

improvement at the after-tax level. Consolidated turnover rose 26 per cent to F1 7.8bn, due almost entirely to higher sales prices. This in turn reflected an increase in chemical feedstock and natural gas prices. DSM acts as the Government's representative in the gas sales and distribution company, Nederlandse Gasunie.

While chemical sales rose 7 per cent volume sales of natural gas were lower because of the relatively mild winter.

DSM increased its margins at the operating level in nearly all divisions despite a rise in wage

and other costs. The company noted, however, that this year it no longer faced the cost of bringing on stream new production capacity which weighed on last year's result.

Markets began to deteriorate towards the end of the first half in nearly all sectors. If this process is maintained and prices remain under pressure the second half result "will fall appreciably short of that of the first half."

Investments totalled F21.9m in the first half compared with F19.2m last year. The work force was cut by 400 to 31,400.

## Funding plan by Israeli bank

By Our Financial Staff

THE INVESTMENT arm of Israel Discount Bank, the third largest Israeli bank, has submitted a prospectus covering a rights issue, an offer to its employees and an issue to the public designed to raise \$249m (about \$478m).

The rights issue by Discount Bank Investment Corporation will be in the form of 8.44m shares and 1.68m share option warrants.

## Magirus-Deutz in deficit

BY OUR FINANCIAL STAFF

MAGIRUS-DEUTZ, the West German truck manufacturer controlled by the Fiat group, had a loss of DM 50.8m (\$39m) in 1979, up from a loss of DM 48.7m in 1978, according to the company's annual report published yesterday.

Fiat is to become Magirus-Deutz's sole owner when Keesenhorst, the West German manufacturer of diesel engines and industrial equipment, transfers its 30 per

cent stake in the parent company, Iveco.

Magirus-Deutz said the 1979 loss was partly due to higher interest payments on borrowed capital. Magirus-Deutz's liabilities to banks increased to DM 660m from DM 323m.

Sales rose 14.6 per cent to DM 2,211m in 1979 from DM 1,925m in 1978 while output of Magirus-Deutz commercial vehicles rose 8 per cent to 20,183 units from 18,686 units.

## COMMODITIES/REVIEW OF THE WEEK

## U.S. strike hopes push copper lower

BY OUR COMMODITIES STAFF

COPPER PRICES fell sharply on the London Metal Exchange yesterday encouraged by signs of a possible break in the deadlock which has caused a seven-week strike of U.S. copper workers.

This followed an announcement by Kennecott, a leading U.S. producer, that it had agreed to meet the United Steelworkers' Union on August 19.

Farther in the week Kennecott had announced that it would make no contract deliveries this month because of the strike, though it did not actually declare force majeure.

With the strike providing the main background, strength, the LME cash copper wirebars price climbed to \$221 a tonne on

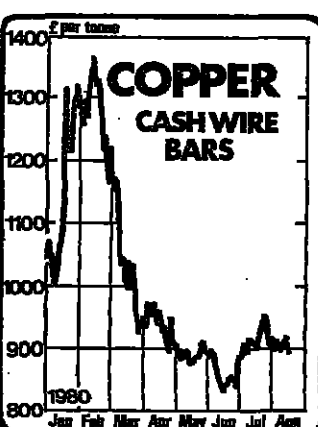
Thursday. But it fell \$26.5 yesterday to end the week \$11.25 lower on balance.

The U.S. labour situation also boosted lead prices.

The cash price climbed to \$374 a tonne in midweek largely on fears of a strike at Bunker Hill, but the rise, which was also encouraged by a sharp fall in U.S. refiners stocks announced this week, was later trimmed back. After a \$7 fall yesterday, partly encouraged by copper's decline, cash lead closed \$3.5 up on the week at \$366 a tonne.

Despite having a relatively featureless week cash standard tin ended \$147.5 down at \$7,122.5 a tonne and cash zinc \$11.5 up at \$331 a tonne.

The International Tin Council



## MARKET REPORTS

## BASE METALS

COPPER—Fell sharply on the London Metal Exchange following news that Kennecott are to resume talks with the labour unions. Forward metal opened around \$320 but fell away throughout the day, owing to lack of support and a fresh decline on Mexico, to touch the day's low of \$215.50 in the afternoon. Kibb returned to a close of \$207.50, over 28,500 tonnes.

NICKEL—Fell steadily in quiet and routine session, reports of a speculative rise in the late afternoon. Finally closed at \$23.50 on the late Kibb. Turnover: 288 tonnes.

SILVER—Silver was fixed 1.2p an ounce higher for spot delivery in the London Bullion Market. The U.S. dollar price of silver was 15.85 cents. The fixing levels were: spot \$15.85; 2.5p; three-month \$15.85; 2.5p; six-month \$15.85; 2.5p; 12-month \$15.85; 2.5p. The metal opened at 66p-67p (\$15.85-16.10), and closed at the same level.

LEAD—Steady as initial weakness, followed by the fall in copper, was followed by good fresh buying and short covering. Three months opened at \$283 and dropped to \$276 in the wake of price-taking and hedge selling before recovering to close the day at \$283. Turnover: 14,475 tonnes.

COFFEE—Robusta continued the recent upward trend with prices of \$20 attributed to a firm New York close and increased interest in the physical market, reports of a shortage of beans in the market, and a relatively quiet day in the Mid-West weight on the market and prices closed on the lows with values of \$23.00.

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## AMERICAN MARKETS

NEW YORK, August 15.

THE LIVESTOCK markets were mixed as recent sharp moves are being absorbed in the market. Grain and soy markets sold off again on continued profit taking. Sugar declined sharply on reports of improved production prospects in Europe. Copper was under the limit on news that a major refiner would hold talks with the striking union. Precious metals declined sharply on rumours that the U.S. would resume its gold sales. Cocoa advanced on speculative interest following a favourable Dutch grind figure. Coffee was strong on news of interest in Brazilian offerings. Profit taking in cotton pushed prices lower, reported Heindl.

Potatoes (round whites)—Nov. 80.0, (34.48), March 121.0-123.0 (125.0), 1980-81, 121.0-123.0 (125.0).

Sugar—No. 11, 32.00-33.00 (32.00), No. 12, 32.00-33.00 (32.00), No. 13, 32.00-33.00 (32.00), No. 14, 32.00-33.00 (32.00), No. 15, 32.00-33.00 (32.00), No. 16, 32.00-33.00 (32.00), No. 17, 32.00-33.00 (32.00), No. 18, 32.00-33.00 (32.00), No. 19, 32.00-33.00 (32.00), No. 20, 32.00-33.00 (32.00), No. 21, 32.00-33.00 (32.00), No. 22, 32.00-33.00 (32.00), No. 23, 32.00-33.00 (32.00), No. 24, 32.00-33.00 (32.00), No. 25, 32.00-33.00 (32.00), No. 26, 32.00-33.00 (32.00), No. 27, 32.00-33.00 (32.00), No. 28, 32.00-33.00 (32.00), No. 29, 32.00-33.00 (32.00), No. 30, 32.00-33.00 (32.00), No. 31, 32.00-33.00 (32.00), No. 32, 32.00-33.00 (32.00), No. 33, 32.00-33.00 (32.00), No. 34, 32.00-33.00 (32.00), No. 35, 32.00-33.00 (32.00), No. 36, 32.00-33.00 (32.00), No. 37, 32.00-33.00 (32.00), No. 38, 32.00-33.00 (32.00), No. 39, 32.00-33.00 (32.00), No. 40, 32.00-33.00 (32.00), No. 41, 32.00-33.00 (32.00), No. 42, 32.00-33.00 (32.00), No. 43, 32.00-33.00 (32.00), No. 44, 32.00-33.00 (32.00), No. 45, 32.00-33.00 (32.00), No. 46, 32.00-33.00 (32.00), No. 47, 32.00-33.00 (32.00), No. 48, 32.00-33.00 (32.00), No. 49, 32.00-33.00 (32.00), No. 50, 32.00-33.00 (32.00), No. 51, 32.00-33.00 (32.00), No. 52, 32.00-33.00 (32.00), No. 53, 32.00-33.00 (32.00), No. 54, 32.00-33.00 (32.00), No. 55, 32.00-33.00 (32.00), No. 56, 32.00-33.00 (32.00), No. 57, 32.00-33.00 (32.00), No. 58, 32.00-33.00 (32.00), No. 59, 32.00-33.00 (32.00), No. 60, 32.00-33.00 (32.00), No. 61, 32.00-33.00 (32.00), No. 62, 32.00-33.00 (32.00), No. 63, 32.00-33.00 (32.00), No. 64, 32.00-33.00 (32.00), No. 65, 32.00-33.00 (32.00), No. 66, 32.00-33.00 (32.00), No. 67, 32.00-33.00 (32.00), No. 68, 32.00-33.00 (32.00), No. 69, 32.00-33.00 (32.00), No. 70, 32.00-33.00 (32.00), No. 71, 32.00-33.00 (32.00), No. 72, 32.00-33.00 (32.00), No. 73, 32.00-33.00 (32.00), No. 74, 32.00-33.00 (32.00), No. 75, 32.00-33.00 (32.00), No. 76, 32.00-33.00 (32.00), No. 77, 32.00-33.00 (32.00), No. 78, 32.00-33.00 (32.00), No. 79, 32.00-33.00 (32.00), No. 80, 32.00-33.00 (32.00), No. 81, 32.00-33.00 (32.00), No. 82, 32.00-33.00 (32.00), No. 83, 32.00-33.00 (32.00), No. 84, 32.00-33.00 (32.00), No. 85, 32.00-33.00 (32.00), No. 86, 32.00-33.00 (32.00), No. 87, 32.00-33.00 (32.00), No. 88, 32.00-33.00 (32.00), No. 89, 32.00-33.00 (32.00), No. 90, 32.00-33.00 (32.00), No. 91, 32.00-33.00 (32.00), No. 92, 32.00-33.00 (32.00), No. 93, 32.00-33.00 (32.00), No. 94, 32.00-33.00 (32.00), No. 95, 32.00-33.00 (32.00), No. 96, 32.00-33.00 (32.00), No. 97, 32.00-33.00 (32.00), No. 98, 32.00-33.00 (32.00), No. 99, 32.00-33.00 (32.00), No. 100, 32.00-33.00 (32.00), No. 101, 32.00-33.00 (32.00), No. 102, 32.00-33.00 (32.00), No. 103, 32.00-33.00 (32.00), No. 104, 32.00-33.00 (32.00), No. 105, 32.00-33.00 (32.00), No. 106, 32.00-33.00 (32.00), No. 107, 32.00-33.00 (32.00), No. 108, 32.00-33.00 (32.00), No. 109, 32.00-33.00 (32.00), No. 110, 32.00-33.00 (32.00), No. 111, 32.00-33.00 (32.00), No. 112, 32.00-33.00 (32.00), No. 113, 32.00-33.00 (32.00), No. 114, 32.00-33.00 (32.00), No. 115, 32.00-33.00 (32.00), No. 116, 32.00-33.00 (32.00), No. 117, 32.00-33.00 (32.00), No. 118, 32.00-33.00 (32.00), No. 119, 32.00-33.00 (32.00), No. 120, 32.00-33.00 (32.00), No. 121, 32.00-33.00 (32.00), No. 122, 32.00-33.00 (32.00), No. 123, 32.00-33.00 (32.00), No. 124, 32.00-33.00 (32.00), No. 125, 32.00-33.00 (32.00), No. 126, 32.00-33.00 (32.00), No. 127, 32.00-33.00 (32.00), No. 128, 32.00-33.00 (32.00), No. 129, 32.00-33.00 (32.00), No. 130, 32.00-33.00 (32.00), No. 131, 32.00-33.00 (32.00), No. 132, 32.00-33.00 (32.00), No. 133, 32.00-33.00 (32.00), No. 134, 32.00-33.00 (32.00), No. 135, 32.00-33.00 (32.00), No. 136, 32.00-33.00 (32.00), No. 137, 32.00-33.00 (32.00), No. 138, 32.00-33.00 (32.00), No. 139, 32.00-33.00 (32.00), No. 140, 32.00-33.00 (32.00), No. 141, 32.00-33.00 (32.00), No. 142, 32.00-33.00 (32.00), No. 143, 32.00-33.00 (32.00), No. 144, 32.00-33.00 (32.00), No. 145, 32.00-33.00 (32.00), No. 146, 32.00-33.00 (32.00), No. 147, 32.00-33.00 (32.00), No. 148, 32.00-33.00 (32.00), No. 149, 32.00-33.00 (32.00), No. 150, 32.00-33.00 (32.00), No. 151, 32.00-33.00 (32.00), No. 152, 32.00-33.00 (32.00), No. 153, 32.00-33.00 (32.00), No. 154, 32.00-33.00 (32.00), No. 155, 32.00-33.00 (32.00), No. 156, 32.00-33.00 (32.00), No. 157, 32.00-33.00 (32.00), No. 158, 32.00-33.00 (32.00), No. 159, 32.00-33.00 (32.00), No. 160, 32.00-33.00 (























FINANCE LAND

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# That's BTR

## MINES—Continued

Australian

1980	1979	Stock	Price	% chg.	Div.	Yld.	Div.	Yld.
Jan	Dec							
21	21	Aspen 50c	22	—	—	—	—	—
22	22	Bayer Hgms 50c	118	+7	102.8	2.2	1.2	1.2
23	23	Bentley 50c	113	—	102.8	1.8	1.8	1.8
24	24	Bonanza 50c	294	+16	—	—	—	—
25	25	Carroll 50c	33	—	—	—	—	—
26	26	Central Pacific	332.24	+4	—	—	—	—
27	27	Chad 50c	37	—	—	—	—	—
28	28	Chad 50c	37	—	—	—	—	—
29	29	Chad 50c	37	—	—	—	—	—
30	30	Chad 50c	37	—	—	—	—	—
31	31	Chad 50c	37	—	—	—	—	—
32	32	Chad 50c	37	—	—	—	—	—
33	33	Chad 50c	37	—	—	—	—	—
34	34	Chad 50c	37	—	—	—	—	—
35	35	Chad 50c	37	—	—	—	—	—
36	36	Chad 50c	37	—	—	—	—	—
37	37	Chad 50c	37	—	—	—	—	—
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## Tins

24	24	Alaral Nigera 10p	316	—	8.0	—	—	—
25	25	Avon Hgms 50c	316	—	8.0	—	—	—
26	26	Barrat 10p	62	—	3.2	10.4	1.8	1.8
27	27	Berjant 10p	285	—	8.0	—	—	—
28	28	Black & Gold 12p	12	—	—	—	—	—
29	29	Caping Cons.	515	+35	25.0	1.8	6.9	6.9
30	30	Chad 50c	37	—	—	—	—	—
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## Copper

130	130	Messia rus 50	287	+2	100.0	4	2.8	2.8
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## Miscellaneous

784	784	Algar-Dominion	142	+3	—	—	—	—
785	785	Barrat 10p	62	—	—	—	—	—
786	786	Barrat 10p	62	—	—	—	—	—
787	787	Barrat 10p	62	—	—	—	—	—
788	788	Barrat 10p	62	—	—	—	—	—
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791	791	Barrat 10p	62	—	—	—	—	—
792	792	Barrat 10p	62	—	—	—	—	—
793	793	Barrat 10p	62	—	—	—	—	—
794	794	Barrat 10p	62	—	—	—	—	—
795	795	Barrat 10p	62	—	—	—	—	—
796	796	Barrat 10p	62	—	—	—	—	—
797	797	Barrat 10p	62	—	—	—	—	—
798	798	Barrat 10p	62	—	—	—	—	—
799	799	Barrat 10p	62	—	—	—	—	—
800	800	Barrat 10p	62	—	—	—	—	—
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803	803	Barrat 10p	62	—	—	—	—	—
804	804	Barrat 10p	62	—	—	—	—	—</

**"Recent Issues" and "Rights" Page 20**

**This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security**



## MAN OF THE WEEK

So near  
 and yet  
 so...

BY JUREK MARTIN

IF GRATITUDE were the heart and soul, not just the trimmings, of politics, then Ted Kennedy would today be plotting the last stages of his inevitable accession to the White House. Jimmy Carter, contemplating next year's power harvest and Ronald Reagan already working out how to concede defeat gracefully in November.

Yet Ted Kennedy's achievement this week may turn out to be ephemeral. In 25 minutes of inspired and soaring rhetoric, he transformed the Democratic Party convention that hitherto had been a Carter stamp into his own image. He gave it life, humour and high drama, and even persuaded it to adopt some economic policy proposals with which the President would rather not have been saddled.

In the convention's climactic minutes, after it had nominated the incumbent President, and dutifully listened to an acceptance speech devoid of those very qualities Mr. Kennedy had brought to bear 33 hours earlier, the Senator from Massachusetts had his personal triumph. This was the final rigorous reception as he rather stiffly joined hands with Mr. Carter in a symbolic pledge to cooperate to lay the Republicans low.

Ted Kennedy thus enjoyed some sugar coating on the bitter pill of defeat he had been forced to swallow. It was defeat at the hands of a President who is in so many ways the antithesis of all that the last member of his generation of America's dynastic family comes from, stands for and believes in.

In fact, Mr. Kennedy came to Madison Square Garden knowing that the writing was on the wall, that no rise, in the shape of the "open" convention concept, was going to shake loose Mr. Carter's grip on what counted. He had lost because



Sen. Edward Kennedy  
 Defeat of the unbeatable

of a multitude of factors. Principal among these were public doubts about his character, summed up in the one word, Chappaquiddick, the superior political talents of Jimmy Carter and his men, and the pervasive general feeling that the Liberal remedies he was proposing, and which his two brothers had so brilliantly helped to implement in the 1960s, had less relevance in the present, diffused and troubled times.

But the Convention did offer him the unique opportunity not merely to engage in demagoguery but to salvage personal honour. He was able to give his faithful liberal legion reason to believe that, although they may have gone down this year, the future is not irredeemably bleak.

Cynics—and the ranks of Kennedy critics—contain many convinced he would do anything to further his own ambitions: might say he is just biding his time until 1984. It is suggested that he is waiting until Jimmy Carter has fallen by the wayside, either in November, or four years from now after a second term.

## 'Double standards' on pay, say council employers

BY NICK GARNETT, LABOUR STAFF

THE GOVERNMENT was attacked yesterday by the Association of Metropolitan Authorities for operating "double standards" over pay for local authority employees.

In a statement on the increasing likelihood of arbitration over local authority white collar staff pay, Mr. Jack Layden, deputy chairman of the association, said: "We would meet an arbitration award. It is the Government which might refuse to do so. It will not increase cash limits."

"As in the case of teachers, it expects local government to pay the arbitrator's award and then refuses to pay its share of the cost. It is this double stan-

dard on the part of Government to which we object."

Delegates of the National and Local Government Officers' Association will be recommended later this month to accept the use of arbitration as a way out of the dispute. The councils have offered a 13 per cent pay increase to their 540,000 white collar staff.

Under the terms of the local authority wage and conditions agreements, this would almost certainly mean that the dispute would be put in the hands of arbitrators.

Negotiators for the local authorities are already disputing the damage the Government's 18.75 per cent settlement for Civil Service staff

might do to any case put forward by them in support of restricting council staff to 13 per cent.

An arbitration award is not binding on any individual local authority. Mr. Layden, Labour councillor in Rotherham, appeared to be saying yesterday, however, that it would be inconceivable that the local authorities would not implement an arbitration decision even if it was above 13 per cent.

He repeated that 13 per cent, on which council manual workers settled, was already outside cash limits. Local government, however, had "a good record of always honouring arbitration awards," he said.

## Times journalists threaten to strike over arbitration delay

BY OUR LABOUR STAFF

JOURNALISTS on The Times will recommend to strike if the management does not announce by noon on Tuesday that it is prepared to implement the arbitration pay award made earlier this week.

The management told the journalists yesterday that it was not yet in a position to take a view on the award, which averaged 21 per cent. It is thought that the delay resulted from the postponement of a scheduled board meeting.

The committee of the journalists' chapel (office branch) then issued a statement to management saying they would recommend that journalists stop work unless management re-

sponds by Tuesday.

The intransigent delay is creating a serious falling off of morale among journalists who produce The Times and its supplements," the statement said.

"That dismay is now turning into anger, and we urge the company to come to its senses before the conciliation procedure is exhausted and the staff have no option but to walk out."

Machine managers at the Observer, whose pay dispute has been threatening the continued existence of the newspaper, are due to meet this afternoon to discuss the instruction issued by their union, the National Graphical Association,

that they must accept the company's terms on pay. There was no indication yesterday whether the meeting will affect production.

If the machine managers reject the instruction, the union's London region would then set up an inquiry into their behaviour. This would result in recommendations to the union's national council as to how national officers should proceed with the matter.

Mr. George Jerrom, the union national officer with special responsibility for Fleet Street, last night met NGA composing and reading room members at the Observer to explain the national council's position.

## Lloyds unveils savings scheme

BY ALAN FRIEDMAN

LLOYDS BANK yesterday became the last major clearing bank to announce new forms of personal savings and deposit accounts.

The move is seen as a part of the increasing competition for savings between banks and building societies following the lifting of Government "corset" controls over bank lending.

The announcement also marks the start of the first stage in a new battle for UK savings funds. Further competition on mortgages and other services is expected to follow.

The Lloyds Bank programme, scheduled to start on Monday, will feature two schemes—a long-term deposit account for between two and seven years and a fixed interest rate scheme for between one and 18 months.

Lloyds said yesterday that it

wished to offer a better deposit scheme than its three main banking competitors.

Explaining the move, the bank said that, besides the release from the corset, the other reason for the launch of the new accounts was a desire to lure savers away from building societies.

"Historically the banks lose deposits to building societies when general interest rates begin to come down. This is because the building society rates come down more slowly than bank base rates," a spokesman explained.

The Lloyds programme will be the first of the bank schemes to start operating. Barclays, National Westminster and Midland all plan to begin their new accounts in September.

The other banks appear to be

aiming to attract a broader range of investors by offering savers a number of "bonus" accounts and "Christmas clubs" which allow for monthly contributions of as little as £10. In Lloyds' two-to-seven year account, the minimum deposit is £2,500, to receive interest of between 15 and 16 per cent on the basis of current base rates.

This account differs from the other recently revealed bank schemes providing an arrangement for savers to borrow up to 90 per cent of their deposit money at 21 per cent above Lloyds' base rate.

Lloyds' fixed rate account will stipulate deposits ranging from £5,000 to £100,000. The bank says it is willing to quote rates for larger amounts as well.

Details, Page 6

## Retail prices Continued from Page 1

post-tax pay packet.

It was introduced last year to adjust for direct tax cuts and to offset some of the impact of the rise in retail prices caused by the increase in VAT.

Since mid-1970 the tax and price index has been rising less rapidly than the retail prices index.

The position will now be reversed because of the rise in the real burden of income tax and increase in national insurance contributions in the

last Budget.

This shows up in the 12-month rate only now, because of the timing of the 1979 Budget.

Consequently the 12-month rate of increase of the tax price index was 18.5 per cent in July, 1.6 percentage points higher than the 12-month rise in retail prices.

This reversal could prove embarrassing to the Government in view of Ministers' attempts last summer to draw attention to the tax and price index.

No further such speeches are

apparently planned.

The rise in the retail price index last month was mainly due to increases in average charges for electricity, gas and coal and to rises in prices of fruit and alcoholic drinks.

These increases were partially offset by reduced prices for some articles of clothing, radio and electrical goods, carpets and petrol. Price increases in the pipeline include milk, electricity charges, tea and sugar.

## INDUSTRY PREPARES FOR COMBAT

### CBI reacts on energy costs

BY JOHN ELLIOTT AND ALAN PIKE

REPRESENTATIVES of more than a dozen British industries yesterday prepared the ground for a major onslaught on the growing problem of rapidly rising energy prices.

They formed a new group within the Confederation of British Industry which is to prepare a report on the industrial impact internationally of energy price rises within the next two months.

The report will be presented to the Government, which is preparing its own comparative statistics along with the National Economic Development Office. Ministers will then consider whether some general form of relief should be introduced.

The British Printing Federation yesterday joined the growing list of organisations lodging protests with the Government. It warned Mr. David Howell, the Energy Secretary, that unemployment in its industry would continue to rise unless the Government changes its policies and allowed businesses to reap some direct cost benefits from North Sea oil.

Port newspaper mill. But EEC regulations, and the Government's aversion to baling that Bowater will only receive projects. It therefore seems unlikely that it can justify anything near the total support of £5m to £7m for which it has been asking.

Ministers are, however, seriously concerned about the problem of rising energy prices, and they agreed at last week's meeting of the National Economic Development Council that there was an urgent need for statistics to be prepared which would show how seriously UK industry is being affected in relation to its overseas competitors.

The formation at the CBI yesterday of what is to be called the industrial energy consumers' group was British industry's initial response to this invitation from the Government to produce facts.

Trade associations at the meeting represented independent iron and steel producers, Staffordshire potteries, the chemical industry, cement makers, man-made fibre companies, brewers, the paper and board industry, food manufacturers, lead producers, glass manufacturers, aluminium com-

panies, non-ferrous metals converters and food forgers. Others—representing plastic companies, clay industries, motor manufacturers, textile employers, and radio equipment manufacturers—were not present, but they are expected to be involved.

After the initial survey of international energy prices, the group intends to study energy conservation patterns and con-

In its letter to Mr. Howell yesterday, the printing industry federation warned that it feared 80-90 per cent rises in gas contract prices now facing "further significant and, in some areas, unquantified increases."

Even without the latest price increases, British printers were paying more for gas than domestic consumers or European competitors, and twice as much as American printers. The folly of imposing the penalty of a strong currency on manufacturing industry competing at home and overseas against foreign suppliers, while denying it the benefit of economic costs from a bounteous supply of energy is clear for all to see in the unemployment figures," said the letter.

## Call for new limit on petrol stations

By Ray Dafer, Energy Editor

THE MOTOR AGENTS' Association has told the Office of Fair Trading that a limit must be put on the number of petrol filling stations owned by the oil companies. Otherwise, it warned, more and more independent traders would be driven out of business.

The association told the OFT that it was concerned that the oil companies would gain monopoly control of petrol pricing and that motorists would suffer. A delegation led by Mr. Alan Dix, the association's director-general, said that 25 per cent of Britain's petrol was sold at prices fixed by the oil companies. Before long the companies could be setting the price of one in every two gallons of petrol sold in the UK.

The association said yesterday that it was convinced that major oil companies had increased their domination of petrol retailing since 1979, when the Monopolies Commission reported that 51 per cent of Britain's petrol was sold through company-owned stations.

It was claimed that retailers' margins were being increasingly squeezed by oil companies.

Mr. Gordon Borrie, the OFT's director general, was told that unless limits were imposed on the oil companies' operations, even more independents could be squeezed out of business than last year. In 1979, 1,349 of the 1,813 filling station closures involved independent retailers.

In the past decade, it was claimed, the number of filling stations had dropped by over 8,000 to 26,480. Over 90 per cent of the closures were independent stations.

The association was particularly critical of Shell which, it claimed, was responsible for most of the "price-fixing." Shell's chief rival, Esso, was increasingly trying to do the same. It was claimed. Between them the two companies accounted for about 40 per cent of the petrol market. BP, the third largest in the retailers' league, had licence agreements but it did not fix the retail prices, the association added.

Shell said last night that economic pressures were responsible for the reduction of independent petrol stations. Since 1970, the number of independent and company owned stations had dropped from 37,000 to below 26,500. This reduction, which reflected market forces, included company owned sites, said Shell.

The company said that the Monopolies Commission report showed that in 1964 the five largest oil companies accounted for 90 per cent of total sales, whereas in 1977 the five largest accounted for less than 60 per cent.

## Weather

UK TODAY  
 CLOUDY with thundery showers. Brighter later.  
 London, S.E., E., N.E. England, Orkney and Shetland.  
 Cloudy with thunder in places. Max. 22C (72F).

REST OF UK  
 Sunny intervals. Scattered showers. Max. 23C (73F).  
 Outlook: Dry at first with cooler unsettled weather spreading to all areas.

## WORLDWIDE

	Y'day		Y'day		Y'day
	midday		midday		midday
Alicante	27	51	L. Pims.	25	77
Algiers	22	30	Liabon	23	73
Amsterdam	24	75	Locarno	26	78
Athens	28	82	London	21	70
Bahrain	27	75	Luxemb.	22	72
Berlin	25	77	Tuac.	40	104
Bombay	29	84	Madrid	25	82
Buenos Aires	19	68	Malaga	30	86
Calcutta	21	70	Malta	29	84
Canton	20	68	Moscow	20	68
Cebu	19	66	Munich	24	75
Colon	22	72	Nairobi	23	82
Dacca	23	73	Paris	21	71
Dahomey	22	72	Perth	24	75
Darwin	21	70	Rangoon	24	75
Delhi	21	70	Rio de Janeiro	23	82
Dhaka	21	70	Rome	21	71
Dublin	21	70	Sao Paulo	23	82
Edinburgh	21	70	Seoul	23	82
Faro	21	70	Shanghai	23	82
Frankfurt	21	70	Singapore	23	82
Geneva	21	70	Taipei	23	82
Glasgow	21	70	Tokyo	23	82
Guangzhou	21	70	Toronto	23	82
Hankow	21	70	Valencia	23	82
Hong Kong	21	70	Vancouver	23	82
Indragiri	21	70	Warsaw	23	82
Jakarta	21	70	Zurich	23	82
Jersey	21	70			
Joazeiro	21	70			

C-Cloudy.

F-Fair.

R-Rain.

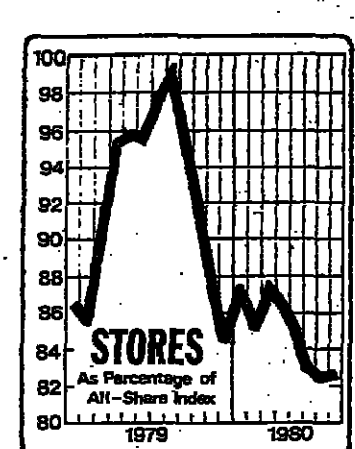
S-Sunny.

C-Cloudy, F-Fair, R-Rain, S-Sunny.

## THE LEX COLUMN

# Retailers after the squeeze

Index rose 6.5 to 483.8



RETAILERS are still out of favour in the stock market. Until last August the stores sector had been advancing against the market for nearly three years, and the FT Actuaries Stores Index was standing close to the All-Share. As evidence of the consumer spending squeeze emerged, along with the implications of the VAT rise, it dropped back to 84 per cent of the All-Share by Christmas. In the last few weeks it has been edging ahead, and even the disastrous figures from Woolworth on Wednesday had only a temporary impact.

Although consumer durables and clothing have been worse hit over the last 12 months than other retail sectors, volume overall has held up well, albeit by fits and starts. While first-half sales volume looks terrible against the buoyant 1979 period, which included the pre-VAT rise boom, in fact there has been a slight gain on the average figure for the whole of last year. But volume has been bought in many cases through vigorous price competition, and margins have suffered as a consequence.

For once inflation has been an enemy to the sector, since costs like wages, rents, rates and oil have risen at 20 per cent or more a year, while selling prices have risen on average by little more than half as much. Once the VAT element is allowed for, indeed in some cases, for instance among consumer durables, there have been falls in money terms. Retailers were forced into price cutting not only to attract buyers back into their shops after the VAT rise, but also by the need to cut back high levels of stocks rather than face financing charges reflecting the increase in MLR from 14 to 17 per cent. Woolworth, one of the few large retailers to have attempted to maintain gross margins, paid heavily in terms of volume, which fell 12 per cent in the first half of the year.

While the bulk of the destocking is now over, the pressure on selling prices, and therefore gross margins, is likely to take some time to work itself out. Price competition, once begun, cannot be turned off like a tap. However, the stores have reacted by shaking out labour, and analysts are not in general expecting a fall in consumer spending. The third quarter of 1980, measured against the knocked-out period last year, is already producing markedly more confident noises from some of the big groups.

The October round of interim

results, covering the performance of the middle two quarters of the year, will probably show some fall in profitability overall. But Woolworth is likely to prove the exception rather than the rule, and there may even be gains from groups like BHS and Marks and Spencer. Furthermore, when the figures for the full year are released, any overall decline may well have been reversed. This kind of performance will allow dividends from the sector, whose profits are not badly hit by current cost accounting, to make a modest advance at a time when many manufacturers will be struggling to maintain payouts.

A market recovery, when it comes, is likely to be fully reflected in some of the newer stocks, like Comet, Dixons and MFI, which fell out of favour with the market as their vulnerability to the recession was demonstrated, and which are now standing on earnings multiples of 5 and below. By contrast, the more established stocks, like BHS and Marks and Spencer, are already standing on prospective multiples in the mid-teens.

But, while some investors may be tempted to anticipate a re-rating of the sector, most will probably prefer to wait until later in the year. Not only will the interim figures be available, but the market may have a clearer idea of Government policy. The authorities are still examining ways in which the benefit that stores derive from stock appreciation relief might be curbed. At the same time the Monopolies Commission re-manufacturers should be published on discounts obtained from the Government may

take the opportunity of adjusting the balance of power in the manufacturers' favour.

## Money markets

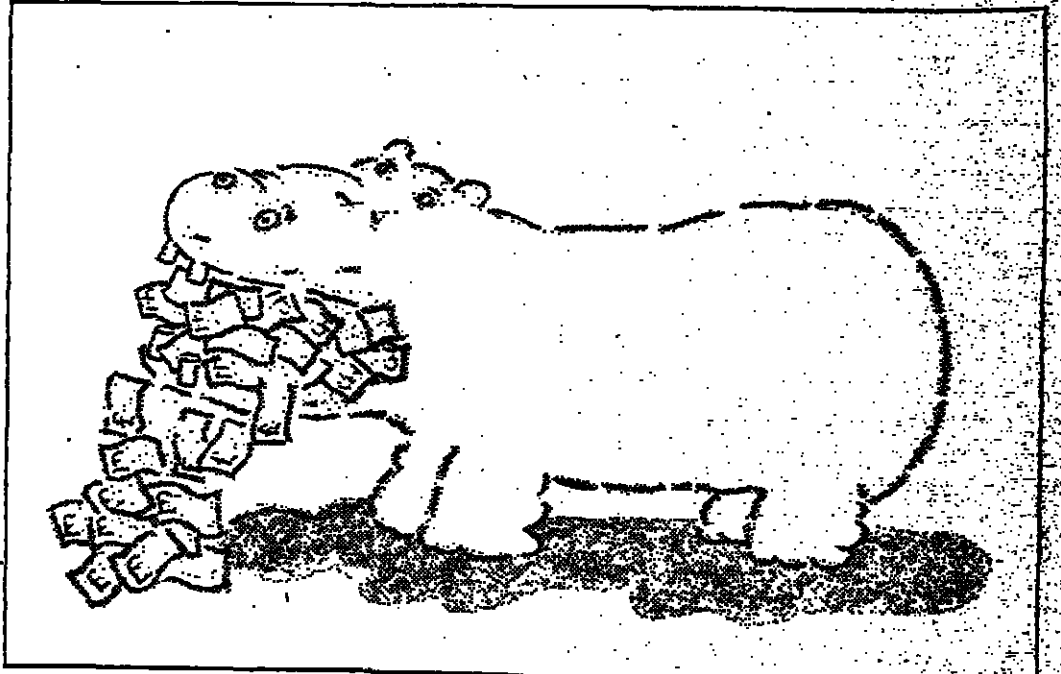
As well as acting to calm the money and gilt-edged markets since the disturbing July banking figures were published, the Bank of England has been actively asserting its authority in the City. Bidders from outside the discount market are now forbidden to swap the Treasury bill tender, and banks have been requested not to use the help that the Bank of England has been giving them (by buying gilt-edged stock off them for a period) to play the gilt-edged market.

Yesterday the Bank introduced two further moves which both suggest a more flexible approach to the treatment of the bill tender. For a start it is only going to tender £200m of bills next week, rather than the £300m that has become an almost invariable ration. And then the Bank has altered the pattern of dealing rates at which it stands ready to buy bills off the discount market, bringing them more closely akin to the shape of the money market yield curve. In the past, the Bank's rather rigid rate structure meant that discount houses were able to sell it some bills at what was in effect too high a price—an anomaly which must be sensible to correct.

Equally, there has been some thing absurd about selling Treasury bills to the discount houses (which tightens money) and then buying them back after a day, to relieve the tightness. At present, of the £3.9bn of Treasury bills in gross issue nearly £2.5bn may be held by the Bank. It is reasonable to argue that there might be no fewer bills in the market's hands if the gross issue were reduced to £2.6bn—£200m a week of 13-week bills.

But superficially, a reduction in the supply of bills looks suspiciously market very like an attempt to tighten the reserve asset squeeze; as banks have to bid up for expensive reserve assets, it becomes more expensive for them to increase their lending. The end of the corset and the appearance of an extra £5bn of eligible liabilities on bank balance sheets in July of the banking system to find a new reserve assets in that month alone. If the Bank, despite cutting the supply of one important component of reserve assets, does not intend to apply a general squeeze, it will doubtless make some noises over the next few days.

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